



Lotto NZ
Integrated Report 2024/25



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Performance highlights

Ngā hua o ngā tutukinga



POWERBALL™
POWER DIP

						POWER BALL
A.	07	11	18	23	35	40 :04
B.	10	25	30	31	33	39 :10
C.	05	16	17	20	29	34 :03
D.	02	09	19	21	22	38 :06
E.	23	28	34	35	36	38 :01
F.	13	15	16	25	29	39 :06
G.	04	06	09	26	31	37 :04
H.	01	05	12	22	30	40 :07
J.	05	12	35	36	37	39 :08
K.	01	02	07	08	15	17 :05
L.	09	13	18	21	25	29 :04
M.	03	10	14	23	27	31 :01

PRICE
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LOTTO POWERBALL

 PLAY IT AGAIN



The year in numbers

Ngā tatauranga o te tau

\$1.6 billion

total revenue (incl. GST)

\$395 million

profit transferred to Lottery Grants Board

1,140

Lotto NZ
retailers

\$44 million

largest Powerball jackpot

9

years certified at the highest level for our responsible gambling programme by the World Lottery Association

58

millionaires
created from
our games

\$6.7 billion

distributed back to the community since Lotto NZ was formed in 1987

3,152

organisations received lottery grants across Aotearoa New Zealand

Chair and CEO review

He arotakenga nā te heamana me Te Tumu

Tēnā koutou.

Welcome to Lotto NZ's FY25 Integrated Report.

We're pleased to report a strong performance for Lotto NZ in the year to 30 June 2025.

We continue to deliver meaningful outcomes for our communities today, while positioning our organisation to meet the evolving needs of our customers in a changing industry and consumer landscape.

Here for New Zealand

Owned by all New Zealanders, Lotto NZ has been returning all profits to the New Zealand Lottery Grants Board Te Puna Tahua for distribution back to the community since 1987.

In FY25 we returned \$395 million profit to the community, the second highest total in our history, behind FY24's record result.

Like last year, a series of large jackpots sits behind the result, including our highest ever single prize of \$44.67 million, which was won in August 2024. There were also four other jackpots that surpassed \$20 million.

Importantly, if we strip away those big outliers, we're also seeing solid regular weekly engagement from our customers; our strong

like-for-like sales performance at lower jackpot levels makes us confident the 'engine room is working' and that our business fundamentals are sound.

Another key driver of our financial result, and supporting the direction of Government, has been a sustained focus on fiscal discipline, with operating expenditure \$11.6 million (10.2%) under budget. Even with significant technology projects underway we are keeping costs under control.

Transformation towards tomorrow

One year into our new five-year strategy, the team at Lotto NZ has made tangible progress towards realising our 2029 vision of boldly transforming our customer experience.

Our biggest focus through the financial year was preparing for the delivery of EDGE, a complete replacement of our core gaming systems which went live in September 2025.

Deploying, testing and migrating existing data to Scientific Games' SYMPHONY platform was an enormous undertaking as it included the core gaming system across both our digital and retail channels. We also upgraded our terminals to state-of-the-art technology in all of our 1,140 stores.

As a result we now have the foundations in place that will in future years allow us to deliver transformative digital customer experiences, new products, enhanced gambling harm interventions and seamless integrations between retail and online.

Our customers can expect to see those sorts of initiatives come to life in future years as we begin the next phase of modernisation through Project Frontier. Frontier will change the way our digital players interact with Lotto NZ and experience our games, and sits at the heart of our 2029 vision of boldly transforming our customer experience.

Our digital transformation through EDGE and Project Frontier is just one element of our strategy to improve the customer experience. We are also working towards making improvements to our flagship Powerball game.

Subject to Ministerial approval, we propose to increase the number of balls in our Powerball machine, with some movement in jackpot size and a review of prizes across the board.

Refreshing Powerball will ensure the game remains compelling to customers, generates consistent profit for distribution to the community and allows for responsible growth over time.

Strengthening our social licence

Our team continued the good work to minimise gambling harm through FY25, especially among populations that are disproportionately affected. We've advanced our engagement with Māori and Pacific communities. We have also deepened relationships with stakeholders from the Asian community in order to better understand the impacts of gambling harm within that population.

A highlight was the enhancement of our behavioural analytics tool, which will provide opportunities to intervene when we identify potentially problematic gambling activity on MyLotto.

Heading into FY26 we're looking forward to reapplying for our Level 4 World Lottery Association responsible gambling certification - the highest level available, denoting our commitment to preventing and minimising gambling harm.

We support the Government's moves to have an age restriction of 18 years across all Lotto NZ products, to bring our wider family of games in line with Instant Kiwi where there is already an 18+ age restriction.

Evolving competitive environment

Our digital technology and game improvement projects are part of a wider focus for Board and Management on making sure Lotto NZ is future fit ahead of a significant change to the gambling industry.

Under proposed legislation, online casino gambling - which is currently unregulated - will be permitted via a new regime that awards licences to up to 15 operators in 2026. All other operators will be prohibited.

Lotto NZ supports the Government's stated goals of facilitating a safer and compliant online casino gambling market, preventing and minimising harm, and providing protections for consumers. New Zealand follows other OECD countries in regulating the sector.

The change marks a shift for the industry. Until now online casinos have operated in a grey market that's been out of sight of many New Zealanders. The new regime is expected to allow licensed operators to advertise, which would increase public awareness of licensed online casinos as an accessible and legitimate gambling option.

To keep New Zealanders safe in what will be a significantly more competitive gambling environment we have advocated strongly for effective regulations around advertising, enforcement, harm minimisation and consumer protections.

We've also worked hard through the past year to ensure Government stakeholders understand the significant role Lotto NZ plays in New Zealand, whether it's through generating funds for the community, our significant tax contribution or our support of small business retailers across the motu.

In line with our statutory function we have offered substantial advice to the Minister and Select Committee on how to ensure Lotto NZ can continue to generate sustainable community returns into the future. Subject to the legislation passing in FY26, we expect Lotto NZ will retain exclusive rights to offer our main lottery games.

Leading from the front

Ahead of an increasingly visible presence of overseas operators here in New Zealand, we're focusing on our enduring and meaningful relationship with Kiwis, which has been bolstered through our new Imagine ad campaign and remains strong as evidenced by our #5 ranking in Kantar's 2025 Corporate Reputation Index.

Lotto NZ has many core qualities that put us in good stead, including our status as a Crown Entity owned by all New Zealanders, our return of all of our profits back to the community, our extensive physical retail network and our established consumer brand.

The Board, Management and the full team at Lotto NZ is fully focused on doing what it does best: providing safe games that allow New Zealanders to play and win, while contributing back to New Zealand communities.

Ngā mihi nui.



Mark Todd
Chair



Jason Delamore
CEO

Implementing the Government's priorities

Te whakaū o ngāwhāinga a te kāwanatanga

We acknowledge the heightened Government focus on financial discipline across all public sector entities, even though Lotto NZ operates without taxpayer funding.

We have maintained tight control over costs in the past financial year, including keeping the use of consultants and contractors to a minimum and pursuing opportunities to lower or maintain operational and procurement costs throughout the business.

Operating expenses in FY25 were 10.2% below budget.

We acknowledge the regulatory reforms underway that will enable the licensing of a limited number of online casinos in New Zealand from 2026. Through FY25 we engaged with Government stakeholders on the proposed legislation, with a view to ensuring that Cabinet's intentions, including protecting consumers, minimising harm and limiting opportunities for crime and dishonesty, are fully realised.

Ahead of these changes to the gambling industry, Lotto NZ is fully focused on ensuring our organisation is fit for the future, with an emphasis on productivity and efficiency.

The Government has also set the specific expectation of Lotto NZ that we keep it informed on the progress of our major projects (see page 15 and 16) and continue to follow the Treasury's Better Business Case guidance.

We continue to engage regularly with Treasury, including through formal quarterly reporting and interim meetings, with a sustained focus on tracking expected revenue and distributions throughout the year.

Our business highlights

Ngā hua o tō mātou umanga

In FY25 we returned our second-highest profit in history of \$395 million to the community through the Lottery Grants Board.

We also paid out \$878 million in prizes to winners - including 58 new millionaires.

This has been achieved during a period of rapid change within the business, with some of the largest capital projects in Lotto NZ's history underway to ensure we remain competitive, innovative and relevant in a changing environment.

Measures of performance

RETURNS TO THE COMMUNITY	2024/25 Actual	2024/25 Target	2023/24 Actual	2023/24 Target	2022/23 Actual
Sales (\$m) (incl GST)	1,626.9	1,480.0	1,710.9	1,466.4	1,520.4
Operating expenses (\$m)	102.8	114.4	97.9	100.1	88.5
% operating expenses (%)	6.3	7.7	5.7	6.8	5.8
Net profit (\$m)	405.1	331.9	434.0	341.7	384.8
Paid to Lottery Grants Board (\$m)	395.1	331.9	434.0	341.7	376.1

Winners

\$878 million

paid in prize money from our games in FY25

\$44.67 million

the largest prize ever won on a single Lotto ticket claimed this year

2 millionaires



21

POWERBALL winners from across the motu

5

jackpots over \$20 million

5x

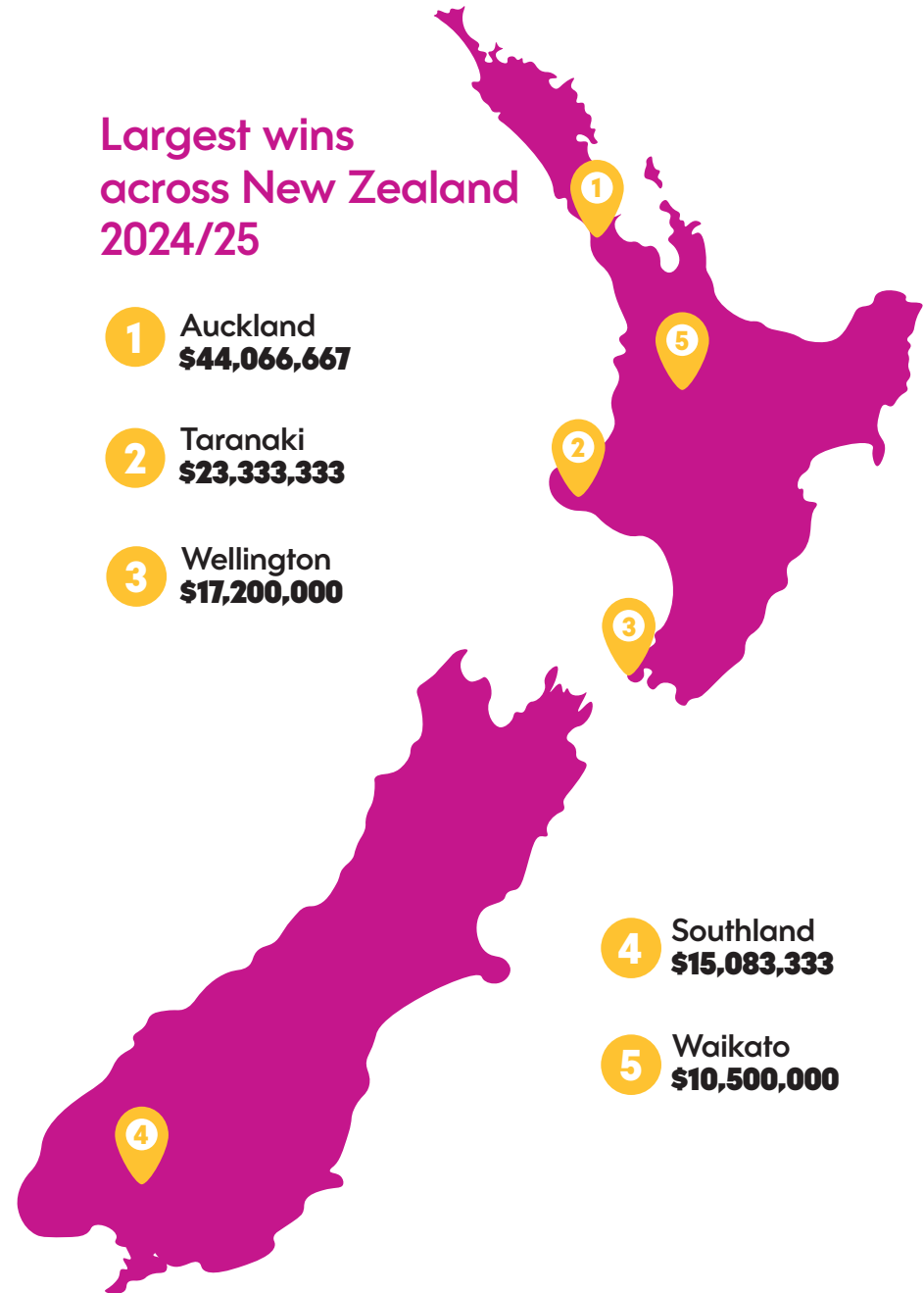
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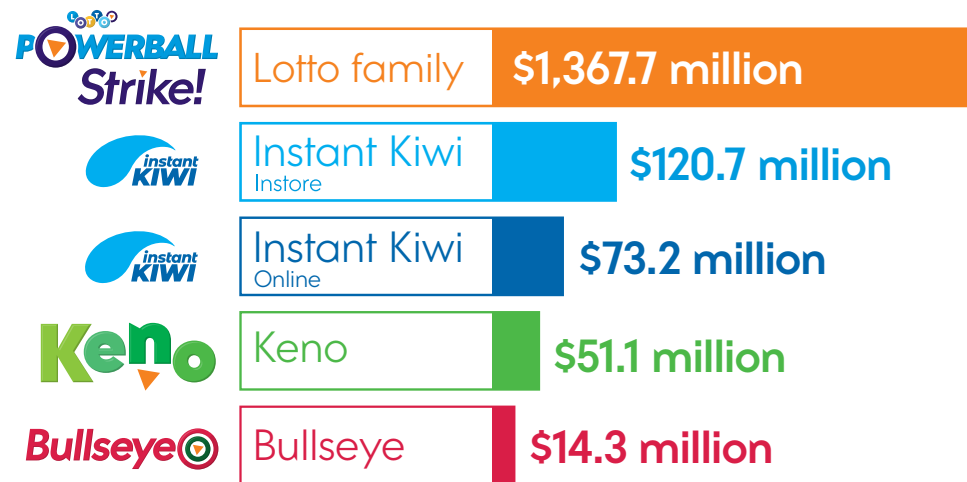
Largest wins across New Zealand 2024/25

- 1 Auckland **\$44,066,667**
- 2 Taranaki **\$23,333,333**
- 3 Wellington **\$17,200,000**

- 4 Southland **\$15,083,333**
- 5 Waikato **\$10,500,000**



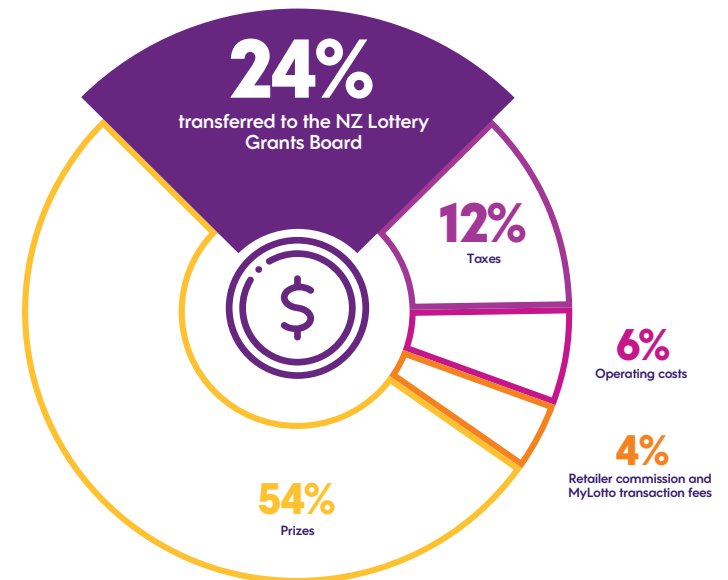
Our games



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



LOCAL GRANTS STORY

Funding backs WELLfed's mission to help Kiwis grow healthy habits

WELLfed NZ Trust helps families build practical skills that support healthier lives, starting in the kitchen and the garden.

With recent support of \$160,000 in lottery funding, WELLfed delivers cooking and gardening programmes, giving people the tools and knowledge to prepare nutritious meals and grow their own kai.

"Our cooking programme teaches people how to make healthy, affordable meals from scratch - often for the first time," says WELLfed co-founder Kim Murray.

"It's not just about recipes, it's about building confidence, routine, and connection."

Alongside cooking, the gardening programme helps participants understand where their food comes from and how to grow it themselves - strengthening food security and reconnecting whānau with the land.

"Our hands-on, community-based programmes are designed to meet people where they're at, and with lottery's funding support, we can keep them free and accessible for the people who need them most," says Kim.



Our business environment

Te taiao o tō mātou umanga



Big projects

Ngā kaupapa nui

Our roadmap of investments encompasses three critical projects that will position us to deliver on our five-year vision and transform the way our players play our games and connect with us instore and online.

EDGE delivers a modern core platform, setting us up to deliver new and compelling customer experiences through Project Frontier, which will focus on modernising our MyLotto platforms with a refreshed stable of games that will be underpinned by the evolution of our flagship Powerball product.

EDGE

A central focus of FY25 across Lotto NZ was preparing for the delivery of the EDGE programme - the largest digital transformation project in our organisation's history - in the first quarter of FY26.

On 29 September 2025 we went live with EDGE. That day retailers around the country connected their new terminals to our network and turned on new ticket scanners, while at Lotto HQ our teams flicked the switch, migrating our core gaming system over to Scientific Games' SYMPHONY platform.

Customers who were used to receiving separate yellow paper tickets for Lotto/Powerball and Strike were handed single tickets with all of the games in one place for the first time, while online players were asked

to review and set new spending limits as they logged on to a refreshed MyLotto platform.

In alignment with this change, we enhanced use of our 'behavioural analytics' tool, which helps identify potentially harmful gambling activity by our online players. Known as Mentor, the tool flags behaviour that could indicate signs of harm, enabling customer interventions.

The successful delivery of EDGE, which came within budget, now sets Lotto NZ up for future innovation through Project Frontier. We now have a modern gaming platform that will enable us to build a new and improved digital customer experience, with enhanced services and functionality.

Powerball changes

Our Lotto family games account for the majority of revenue. Powerball is Lotto NZ's flagship game and plays a key role in determining our annual returns to the community through the Lottery Grants Board.

As part of our five-year strategy through to 2029, we propose to undertake a 'matrix change', which involves adding more Powerballs to the game. The last matrix change to Powerball occurred in 2007.

This change will ensure games remain compelling to players, prize value is not eroded through inflation, and the odds of winning move in line with population growth.

Consultation with regulatory stakeholders began at the end of FY25 and will continue through the early part of FY26.

A central focus is ensuring potential gambling harm is minimised. We do this through stakeholder engagement, market research and data modeling.

The proposed changes continue to be refined and are subject to Ministerial approval.

Our enduring interest is in having a Powerball game that is appealing to our customers, generates consistent profit for distribution to the community and allows for responsible growth over time.

Project Frontier

Project Frontier will improve our customers' digital experience through the delivery of new MyLotto web and app platforms.

Building on the foundations laid by EDGE, this project will make it easier for MyLotto players to register, pay, play and check their results.

Project Frontier will also feature enhanced digital identity checking, introduce new opportunities for game innovation and pave the way for greater integration between players' instore and online purchasing.

The first stage of procurement concluded near the end of FY25, with design and development due to take place in FY26.

Legislative and industry changes

The Government's work to regulate the online casino sector has progressed significantly over the past year. The Online Gambling Bill was introduced at the end of June and is currently with the Governance and Administration Select Committee for consideration. The Bill sets out the structure of the new regulatory regime and amends relevant sections in the Gambling Act 2003.

Lotto NZ supports this regulation, given the large amounts spent by New Zealand consumers with offshore gambling operators - many of whom offer no effective harm minimisation controls and operate outside of any regulatory constraints. We were pleased to see that, in line with Cabinet's intentions, the Bill attempts to protect our core lottery business - but we believe these provisions in the Bill must be strengthened if we are to maintain lottery grants for communities into the future. We are also conscious of developments in other markets, which have seen global operators undermining national lotteries by using gambling licences to offer products such as 'synthetic' or 'virtual' lotteries. We have submitted to the Governance and Administration Select Committee with our detailed recommendations for how New Zealand can avoid these issues and properly protect Lotto NZ.

LOCAL GRANTS STORY

Empowering volunteers across the motu

As the national peak body for the voluntary sector, Volunteering New Zealand (VNZ) plays a key role in supporting volunteers across the country.

Thanks to \$400,000 in lottery funding last year, Volunteering NZ can continue its essential work enabling thousands of volunteer organisations to thrive.

“Lottery funding is vital in helping us cover operational costs as well as two key initiatives that champion the sector - the delivery of Best Practice Guidelines workshops in eight regional centres, and the nationwide Big Shout Out campaign held across Aotearoa in June,” says VNZ Chief Executive Michelle Kitney.

The workshops are designed to support 200 volunteer coordinators, leaders and managers with practical, face-to-face training to help them better support and engage their volunteer teams.

Meanwhile, the Big Shout Out campaign held in June - which includes National Volunteer Week - has become a powerful platform for celebrating volunteers.

With the support of funds raised by Lotto NZ players, Volunteer NZ is helping to ensure that volunteers feel valued, supported and empowered to keep making a difference.





Our strategy

Tā mātou rautaki

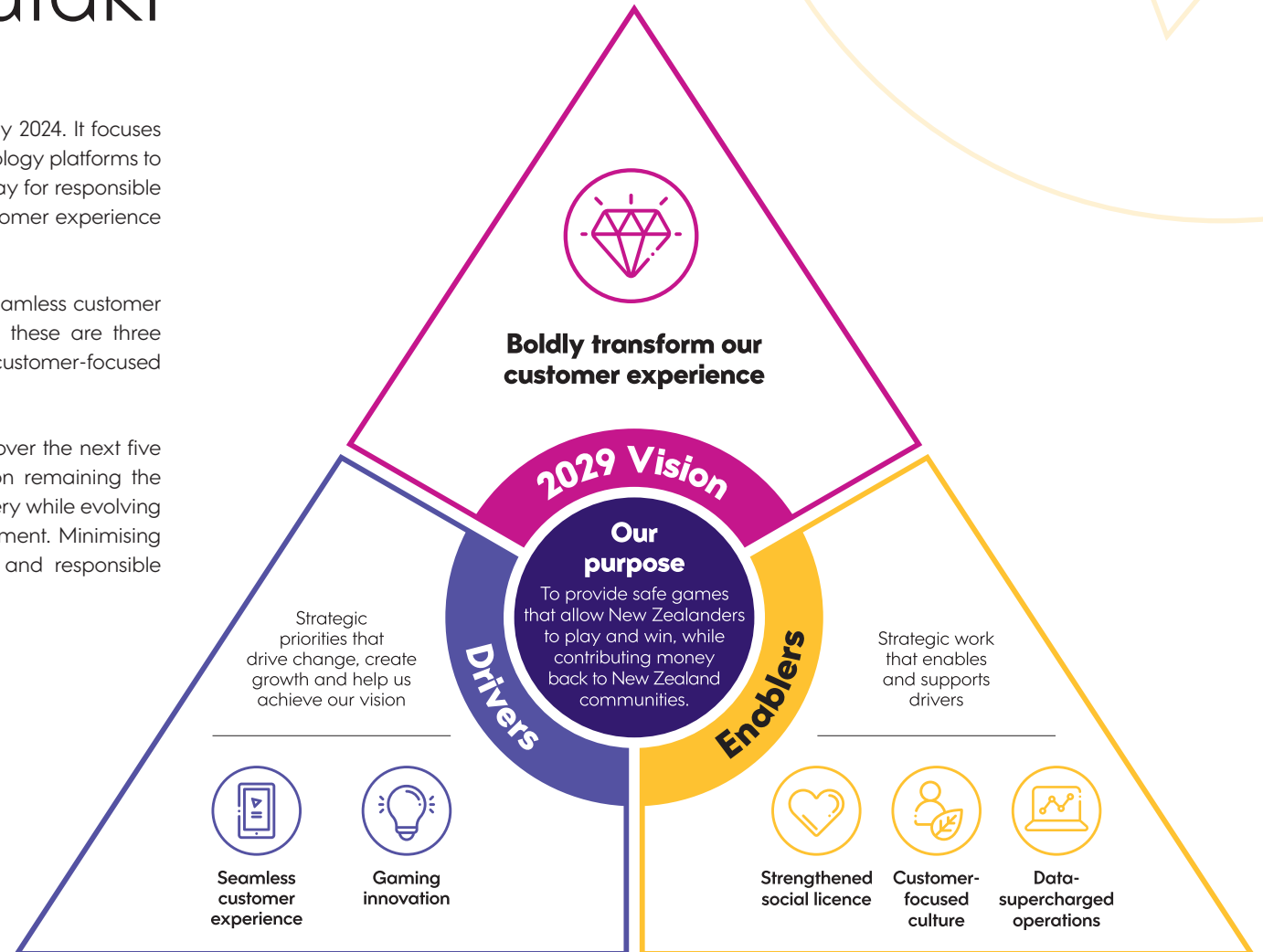
Our strategy

Tā mātou rautaki

Our current five-year strategy was introduced in July 2024. It focuses on targeted and sequenced investment in our technology platforms to transform our customer experience, setting a pathway for responsible growth, and a vision of boldly transforming our customer experience by 2029.

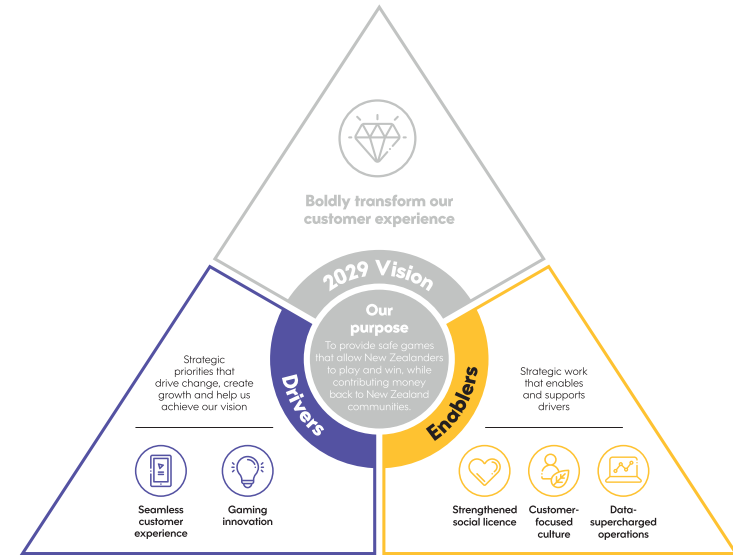
We're using two strategic drivers to achieve this - seamless customer experience and gaming innovation. Underpinning these are three strategic enablers - strengthened social licence, customer-focused culture and data-supercharged operations.

Our Statement of Intent sets a pathway for growth over the next five financial years. To achieve this, 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.



Strategy scorecard

He kāri tapeke rautaki



Drivers	Highlights	Measures	FY25 Actual	FY25 Target
 <p>Seamless customer experience: From separate transactions to connected moments that allow our players to experience the magic of Lotto NZ.</p>	<ul style="list-style-type: none"> EDGE programme (see page 15) Refreshed web and app experiences one step closer after Project Frontier moved to procurement phase, including the Implementation Business Case phase (see page 16) Imagine 7.0 launched in May 	<p>Lotto NZ Brand Health Index Measures how well a brand is performing in its market</p>	65	60
		<p>Channel experience (digital) Percentage of customers rating us 8 - 10 out of 10</p>	87%	75%
		<p>Channel experience (retail) Percentage of customers rating us 8 - 10 out of 10</p>	88%	75%
 <p>Gaming innovation: From constrained experiences to more entertaining, trusted and safer play.</p>	<ul style="list-style-type: none"> Strike Must be Won increase completed Powerball matrix change business case completed (see page 15) New player spend controls under EDGE 	<p>Implementation of product roadmap</p>	Strike change completed	Strike MBW change
		<p>Maintain current financial margins for new games</p>	Yes	Yes
		<p>All new games meet pre- and post-launch harm minimisation standards</p>	Yes	Yes

Enablers	Highlights	Measures	FY25 Actual	FY25 Target
 <p>Strengthened social licence: Leading on harm minimisation and being trusted by New Zealanders across all aspects of our social licence.</p>	<ul style="list-style-type: none"> • Online Casino regulation response (see page 16) • Priority group harm minimisation strategy (see page 27) • Sustainable solution for yellow tickets - implementation on track for mid-2026 	<p>World Lottery Association (WLA) accreditation Evaluation of our RG programme by the WLA</p> <p>Ministry of Health harm citations per 10,000 players Number of Lotto players reporting gambling harm</p> <p>Toitū Net Carbon Zero certification</p> <p>New harm minimisation tools introduced</p>	<p>Level 4</p> <p>0.7</p> <p>Yes</p> <p>Index introduced</p>	<p>Level 4</p> <p><1.0</p> <p>Yes</p> <p>Harm Risk Index</p>
 <p>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.</p>	<ul style="list-style-type: none"> • 5th most trusted brand in Kantar's 2025 Corporate Reputation Index (up two from FY24) • Employee engagement score remains in the 'very good' range (see page 38) 	<p>Employee engagement score</p> <p>Pay equity gap The average base salary differences of permanent employees on the same pay grades (see page 38)</p> <p>Equitable gender representation in leadership The percentage of senior leaders who are female</p> <p>Employee alignment with strategy</p>	<p>7.9</p> <p>0.88%</p> <p>50%</p> <p>8.0</p>	<p>>7.6</p> <p>+/- 1%</p> <p>50%</p> <p>7.6</p>
 <p>Data-supercharged operations: From legacy operations to data-driven efficiency and experiences.</p>	<ul style="list-style-type: none"> • As one of our initiatives to develop our AI capabilities, a proof of concept using AI and natural language has been developed using the Databricks platform • Customer relationship management (CRM) integration brought together email, phone and web enquiries for contact service team (see page 31) 	<p>New games and features linked to data analytics New games assessed/monitored through data analytics (for performance/harm minimisation)</p> <p>Grow digitally enabled players Players connect with a game digitally, either online or instore</p> <p>Retail network availability Operating without a retail network outage</p> <p>Core gaming system availability Operating without a core gaming network outage</p> <p>MyLotto availability Operating without a MyLotto outage</p>	<p>Yes</p> <p>+3.4%</p> <p>100%</p> <p>100%</p> <p>100%</p>	<p>Partial</p> <p>+10%</p> <p>99.95%</p> <p>99.95%</p> <p>99.95%</p>

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 and reputation

Protecting our trusted reputation as a purpose-driven organisation that gives back to the community. Although New Zealanders trust the integrity of our draws, operations and financial management, there is reputational risk that is inherent in status as a gambling operator.

Strategy execution

Delivering on the Statement of Intent, including executing our major projects, while also maintaining our performance in 'business as usual' areas like harm minimisation, control of costs and employee engagement.

New competitive environment

Competition for discretionary consumer spend, both from other forms of gambling and from other forms of entertainment, continues to rise. Over the past five years, the gambling market in New Zealand has changed substantially and Lotto NZ now faces increasing competition from online operators, as well as expansion of operations by existing domestic operators.

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 change

The Government has introduced the Online Casino Gambling Bill, which will allow for up to 15 online casinos to operate in New Zealand from 2026. While the intention of the reform is to protect our main

games, there is potential for some revenue to be eroded. Another regulatory change underway will see all Lotto NZ products restricted to customers aged 18+. This change will bring Lotto family products into line with our Instant Kiwi products and is supported by Lotto NZ.

Harm minimisation

Harm minimisation is central to everything we do. It is embedded in our statutory purpose and represents a significant material issue for our business. Our approach spans prevention, detection, and intervention, ensuring we take meaningful action to reduce gambling-related harm. This organisation-wide focus is reflected in our operations, game design, marketing, and interactions with communities and customers, all aimed at keeping our players safe.

Changing retail environment

The retail environment continues to evolve as key accounts consolidate operations within their stores and smaller retailers face ongoing challenges related to the cost of living, with some retail precincts experiencing high vacancies.

Sustainability

We are committed to supporting New Zealand's transition to a low-emissions, climate-resilient future. We recognise the importance of reducing our environmental impact (both in terms of waste and carbon emissions) and adapting to the effects of climate change. In FY26, we will recalibrate our emissions baseline and establish a refreshed emissions reduction plan to guide our progress.

Talent management






We are focused on retaining and upskilling key talent with the skills to deliver on our vision and who are passionate about what we do. We rely on employees and contractors working on our major projects, which are time-sensitive and essential to our strategy's success.

Value creation matrix

He mahere whai hua

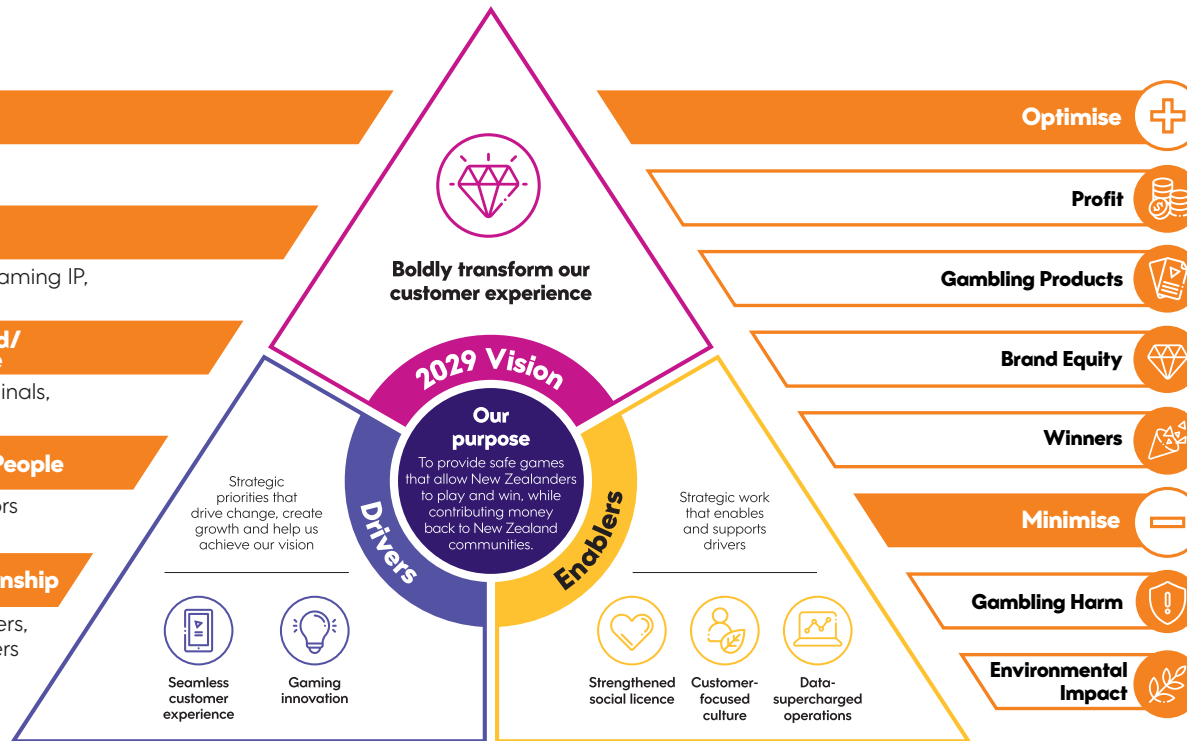
INPUTS

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



OUTPUTS

The value we create

- Optimise** 
- Profit** 
- Gambling Products** 
- Brand Equity** 
- Winners** 
- Minimise** 
- Gambling Harm** 
- Environmental Impact** 

OUTCOMES

The difference we make



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.

LOCAL GRANTS STORY

A brand-new bridge and trail now open to the Glenorchy community.

For the small but growing township of Glenorchy, a \$220,000 lottery grant to the Glenorchy Trails Trust has brought a long-awaited vision to life - a new multi-use trail linking the town to the Whakaari Conservation Area.

"This is the largest grant in our Trust's history, and we could not be more grateful," says Steve Hewland, Chair of the Glenorchy Trails Trust.

"It's enabled us to build the Buckler Burn trail to New Zealand Cycle Trails standards, designed for everyone, from walkers and cyclists to wheelchair users."

The Whakaari Conservation Area draws over 10,000 visitors each year, but until now there's been no formal trail linking it with the township.

This project changed that - opening access to locals and supporting sustainable tourism in the region.

With support of funds raised by Lotto NZ players, the Glenorchy Trails Trust is creating a safer, healthier and more connected environment for generations to enjoy.



POWERBALL

TRIPLE DIP

A.	03	16	21	34	36	40	07
B.	05	12	13	15	26	28	06
C.	01	09	10	19	24	32	10
D.	06	07	27	31	32	35	07
E.	01	10	12	22	25	39	04
F.	02	06	17	24	35	40	03
G.	11	13	19	23	27	28	07
H.	04	09	18	25	33	38	08
J.	03	08	25	27	29	31	08
K.	10	16	17	18	30	40	04

Strike!

	1ST	2ND	3RD	4TH
A.	14	02	40	10

PRICE \$16.00
24 MAY 25 SAT
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RETAILER TO CANCEL TICKET

Our operational
year in review ▶
Te arotakenga
o ā mātou
whakahaere ā-Tau

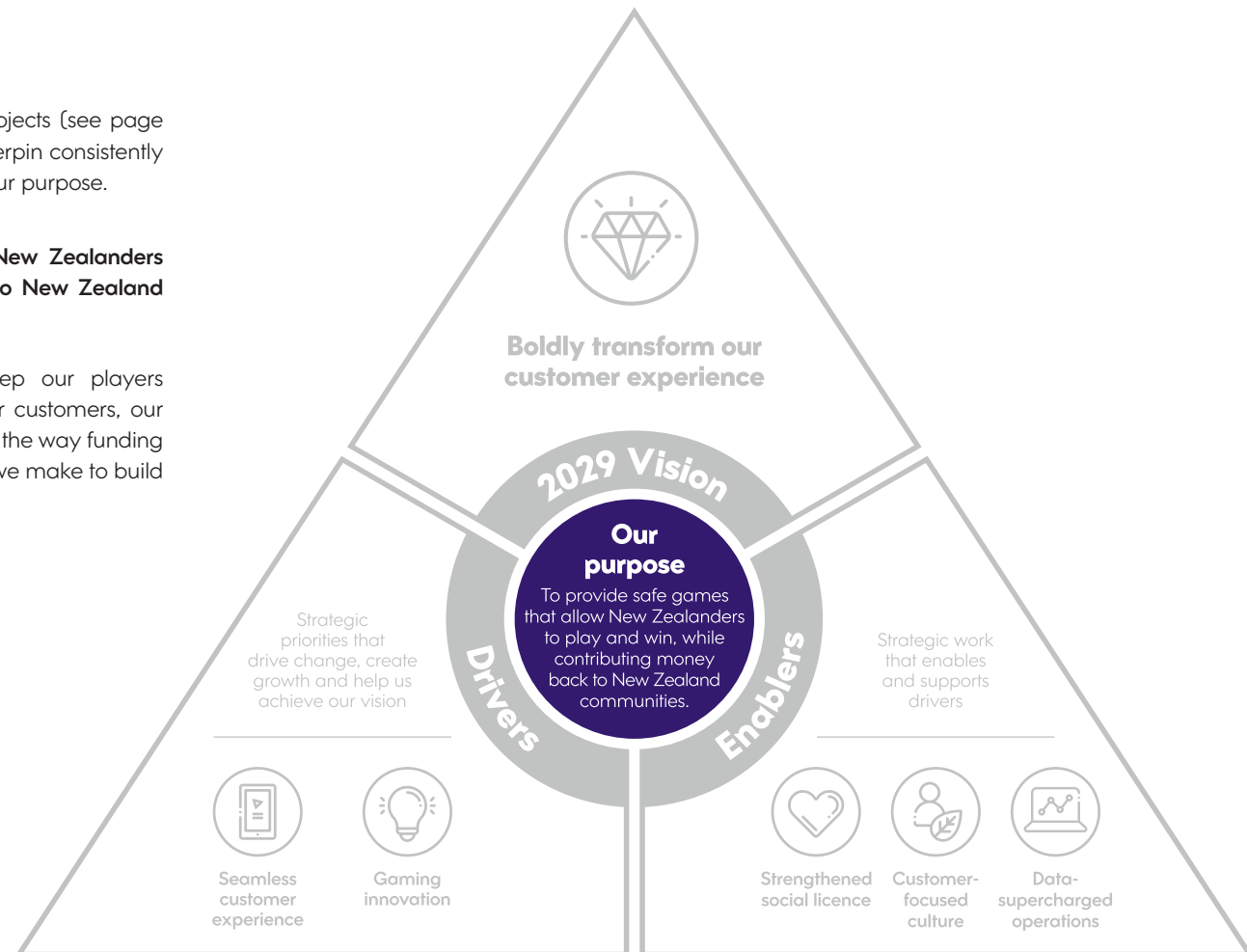
Operations and performance

Ngā whakahaere me ngā tutukinga

Our operations not only drive forward the major projects (see page 15) 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.

Our focus areas:

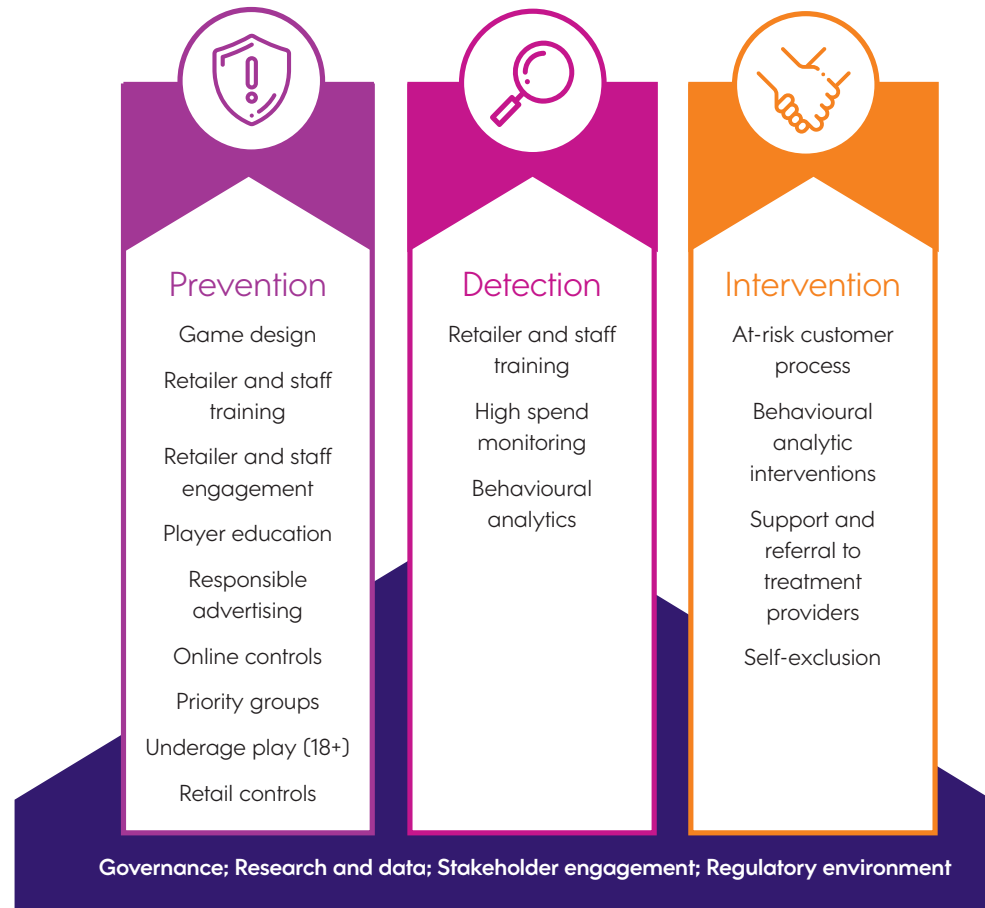
Reducing the burden of gambling harm in priority groups

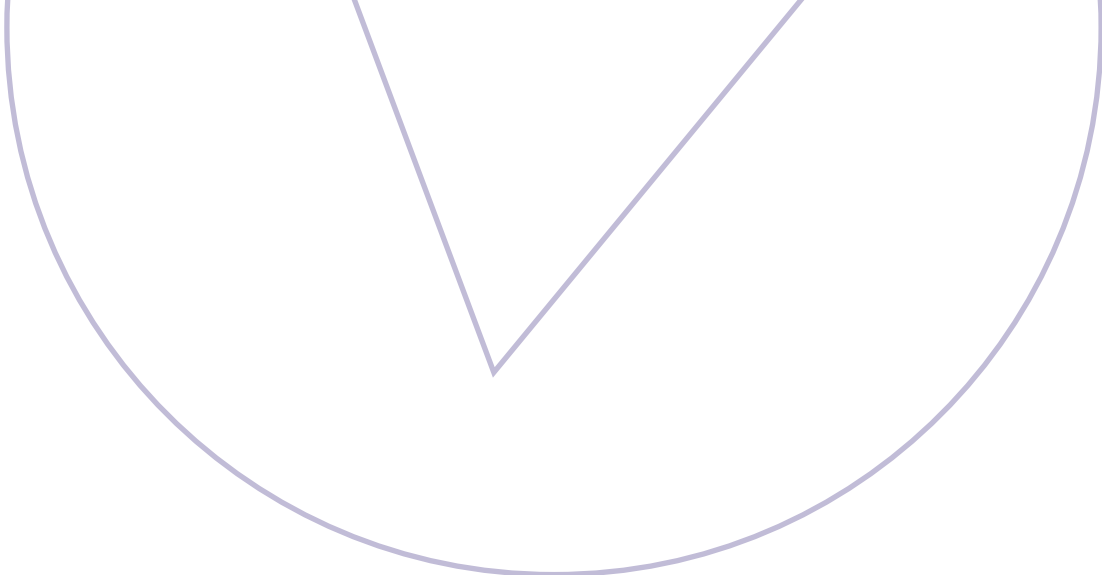
Over the past year, we have continued to progress our priority group harm minimisation strategy, which addresses the disproportionate harm experienced by Māori, Pacific and Asian communities. We continue to work with our Māori and Pacific co-design groups to seek feedback on new initiatives and co-design harm minimisation strategies. We have also started to better understand the impacts of gambling harm on Asian communities, and we have also continued to strengthen our cultural competency internally.

Enhancing gambling literacy

Our Play Smart initiative provides players with the tools and information they need to make informed decisions when playing our games. In February we launched our first above the line marketing campaign for Play Smart Week that was incentivised with a \$5,000 travel voucher to engage players who completed the educational quiz. This was promoted across digital media advertising, and owned channels, including the live Lotto draw and retail digital screens. The campaign attracted over 60,000 entries and significant engagement. We plan to run similar campaigns in the future.

Our responsible gambling programme





WLA Responsible Gaming Framework certification

Lotto NZ is certified at the highest level (Level 4) by the World Lottery Association's Responsible Gaming Framework. This certification, which we last achieved in 2022, demands continuous improvement across ten programme areas and an external audit. We will undertake the re-accreditation of our responsible gambling programme in May 2026.



Gambling harm citations

We use a number of mechanisms to measure the success of our responsible gambling programme. 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 the Ministry of Health. Our target is that fewer than 1 person per 10,000 playing our games reports harm.

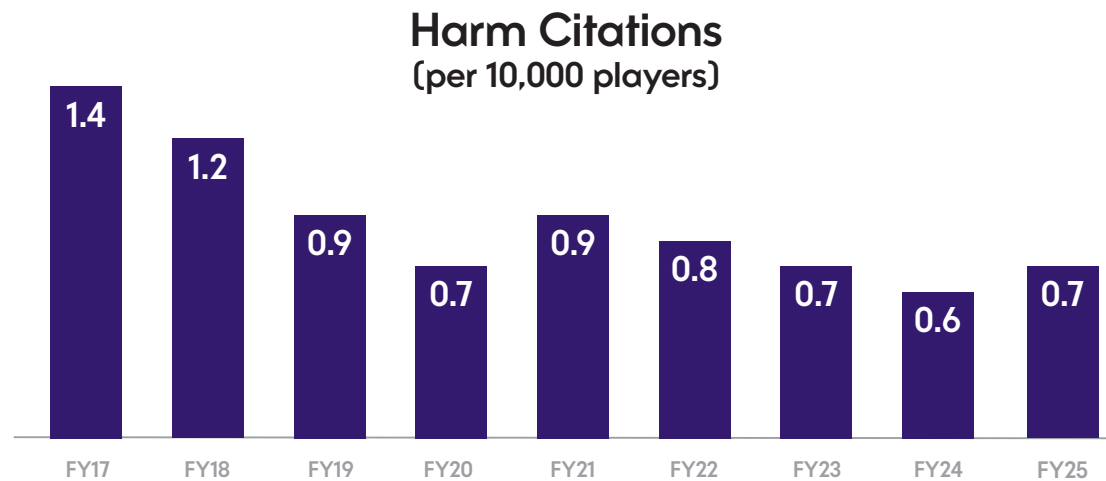
According to harm citation numbers, harm was reported by 0.7 individuals per 10,000 Lotto NZ players in FY25.

However, a small number of treatment providers used by the Ministry of Health have been unable to provide reliable data across the 12 months of the financial year, due to accessibility issues with the legacy reporting system.

As a result, the Ministry estimates there is a 4.7% data reporting gap during FY25. This means 4.7% 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.

The Ministry of Health has received funding to replace the legacy system used for harm reporting, which should improve the quality of data in future.



Gambling harm citations related to Lotto NZ products as reported to the Ministry of Health per 10,000 players FY17-FY25. The historical figures for FY21-FY24 differ from previously published results following a recalculation using updated playing population information, provided by Market Monitor - our independent market research provider.

Our harm minimisation approach

In the past year, we continued to invest in harm minimisation tools to better support player safety, enabling us to interpret, track and measure data, and provide an empirical foundation for managing and refining our approach.

Behavioural analytics tool

Over the past year, we have continued to partner with Neccton to enhance our behavioural analytics tool Mentor to better understand and address risky play on MyLotto. This tool flags player behaviour that may be potentially harmful so that our team can intervene.

Indicators include unusual spending patterns, increased playing time, frequent deposits, and engagement with our Play Smart safer gambling tools. Work in FY25 focused on refining the tool for our unique context and developing an intervention process for online players, which will allow for four stages of intervention when higher risk play is identified.

Harm Risk Index

During the year we introduced a Harm Risk Index which uses quantitative metrics to give us a high-level view of our players' potential for gambling harm. It includes six risk indicator categories covering 16 measures for both online and retail players.

R18+

We support the move to introduce a consistent age restriction and are working towards enforcing an 18+ age restriction on all products by March 2027, in line with legislative changes expected to pass in FY26. This will bring our draw-based games in line with Instant Kiwi, where there is already an 18+ age restriction.

Stakeholder engagement

Our stakeholder engagement programme helps us understand diverse perspectives and consider our impact on stakeholders when making business decisions. Through our responsible gambling programme, stakeholder engagement helps us evaluate the impact of our products and advertising on the community, supplementing our data collection and research. In FY25, we focused on strengthening relationships with priority groups, including Pacific, Māori and Asian communities, and continued engagement with public health service providers.

Our customers

Our customers

With the vision of **'boldly transforming our customer experience'** at the centre of our five-year strategy, we have progressed several initiatives focused on improving our customer experience.

Under the EDGE programme of work (page 15) we have modernised our instore experience and made functional improvements to our MyLotto platform, including new player controls that allow our customers to better track and control their online spending.

With new supporting technology in place under EDGE, work on Project Frontier (page 16) is underway to deliver a new digital experience for website and app users, with potential to better connect online and retail customer experiences in the future.

We are also continuously looking at ways to improve our games for our customers, from the introduction of a new suite of Instant Kiwi Online games this year, to proposed Powerball changes (page 15).

New integrated technology for our Customer Contact Centre

In April we completed a two-year project to upgrade the technology used by our Customer Contact Centre. Our team is now able to easily manage enquiries across email, phone and webchat all at once, with centralised customer records and real time data at their fingertips. Our Customer Contact Centre agents are now working across multiple channels in real-time, enabling faster and more effective service.

In FY25, we supported our customers through:



110,000 MyLotto and Retail calls
with 89% answered within 30 seconds



40,000 web chats
with 95% answered within 60 seconds



54,000 MyLotto and Retail emails
average speed of answer May - June 1h35m.

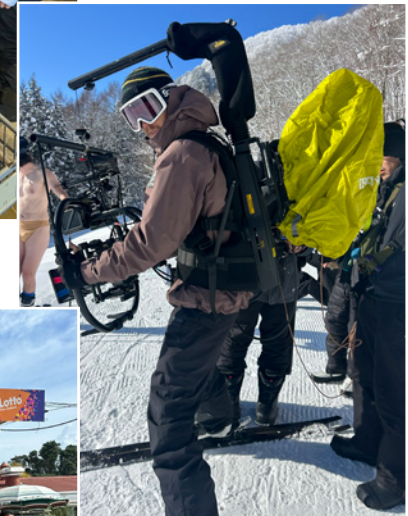
Note: we were unable to measure prior to this time, due to legacy email system limitations.

Our brand

We are proud our brand is so highly trusted by New Zealanders and work hard to ensure our story remains compelling and relevant to our customers. The strength of the brand and the connection to our players was recognised in the 2025 Kantar Corporate Reputation Index, where Lotto NZ was ranked #5, up two places from 2024.

In May 2025 we unveiled the seventh instalment of our Powerball 'Imagine' campaign, the imagery of which is used to illustrate this report. Focused on the wild promises our players sometimes make to each other when they buy a Powerball ticket, the advertisement rated highly with our customers, particularly the storyline and soundtrack.

During the year we also launched a new tagline for Instant Kiwi - 'You Never Know' - and produced a television commercial that brought back the brand's former jingle.



Local Grants

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

Lotto NZ is owned by all New Zealanders, and 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.

Fronted by former Lotto draw host Grant Kereama, this campaign shines the spotlight on how a range of different causes throughout the country are supported.

Some of the organisations profiled in this year's Local Grants campaign were:

- Southern Lakes Sanctuary Trust - Otago
- Ōtorohanga Bowls, Croquet and Recreation Club - Waikato
- Sustainable Whanganui - Whanganui
- Natureland Wildlife Trust - Nelson
- KiwiHarvest - Invercargill, Auckland, Dunedin



Over the financial year the Local Grants campaign awareness grew from **74%** to **89%**



LOCAL GRANTS STORY

Horses for therapy

Riding for the Disabled (RDA) operates in more than 48 communities across New Zealand, providing interaction with horses to improve health and wellbeing outcomes for people with a disability or with specific challenges or needs.

With support from \$200,000 in lottery funding last year, local RDA groups deliver safe and effective horse-riding sessions that build emotional and physical strength and improve capability in the riders.

“Our programmes are run by qualified coaches with NZQA recognised NZRDA Therapeutic Coaching certification,” says CEO Donna Kennedy.

Funding is vital in helping RDA cover core operational costs, allowing local groups to focus on delivering consistent, high-quality support for participants - many of whom attend regularly as part of their broader health or development plans.

“Whether it’s helping a young rider improve their balance or giving someone the confidence to re-engage with their community, our coaches are passionate about making a difference,” says Shireen.

Thanks to funds raised by Lotto NZ players, RDA can continue to ensure therapeutic horse riding remains accessible to those who benefit most.



LOCAL GRANTS STORY

Lottery funding helps Ngatea Primary School build a fit-for-purpose playground.

Tamariki at the Ngatea Primary School are enjoying their playtime thanks to a \$200,000 grant from Lottery Grants Board.

The school opened the gates to a brand-new playground that will benefit not only its students, but the wider community.

“Our previous playground equipment was outdated and no longer met modern safety standards. With a school roll of 300 students, our playground is a critical space where our tamariki not only enjoy physical activity but also learn important social skills through play,” says school board member Shannon Burke.

The new playground will cater to a range of ages and abilities, helping children build confidence, coordination and friendships through play.

The new space includes a range of adventure options including slides, huts and climbing frames for the children to explore.

“The new playground will also be open to the community outside school hours - making it a shared space for whānau to enjoy,” says Shannon.



Our channels

Retail

While Lotto NZ has experienced strong growth in digital sales over the past four years, retail remains a vital channel, contributing more than half of total revenue (52% in FY25). We have strong retail roots and a large retail footprint that is the public face of our business. Retail sales in FY25 declined by 1.7% compared to FY24 (which was buoyed by a number of large jackpots including a \$50 million Must be Won draw).

Throughout FY25, Lotto NZ focused on enhancing the systems and processes that support our retail network, ensuring it operates efficiently, responsibly, and is well-prepared for future developments. A key area of focus was preparing retailers for the rollout of EDGE (see page 15), with significant investment in training, infrastructure upgrades and support resources.

Retailers continue to play a crucial role in upholding Lotto NZ's commitment to responsible gambling. In FY25, we maintained our focus on safer gambling by providing training to help retailers identify signs of gambling harm. Retailers were equipped with tools to respond appropriately when intervention may be needed, reinforcing our shared responsibility to protect players.

The latest bi-annual retailer survey returned outstanding results, reflecting the strength of our partnerships across the network.

- Overall satisfaction was rated at 8.7 out of 10.
- 82% of retailers scored their relationship with Lotto NZ between 8 and 10.

These results highlight the positive impact of our continued engagement efforts and the value retailers place on their relationship with Lotto NZ.

Digital

With close to half of our sales now being online, Lotto NZ ranks as one of the most digitised lotteries in the world and one of New Zealand's largest e-commerce businesses. But we must continue to evolve if we are to remain relevant for our customers, many of whom now expect a connected experience across both digital and retail sales.

Continued investment in our digital capability, and the single view of our customers it can provide, also enables us to significantly improve our monitoring and minimisation of harm.

With the delivery of the EDGE programme of work and the preparation for Project Frontier (see pages 15 and 16) underway, we are well-positioned to support the continued growth across our digital channels - with \$781 million in digital sales in FY25 (48% of total sales) - while working to create a safer and more connected experience for our customers online and instore.



102,400
new MyLotto registered players



1,083,205
active players

Our people

Our people are the heart of our organisation, making Lotto NZ a special place to work. We foster an inclusive culture that attracts and retains top talent, enabling everyone to perform at their best. We prioritise career development and strive to be an employer of choice.

We are committed to creating a diverse workforce that reflects our customers and communities. Our strategy aligns with the Public Service Commission's Kia Toipoto and Papa Pounamu programmes. As of 30 June 2025, our gender pay gap for similar roles (pay equity gap) was 0.88% in favour of males, slightly above our target.

Engagement

Lotto NZ's engagement score remains in the 'very good' range, with a 90-day rolling average of 7.9 out of 10 at year-end. We monitor engagement through weekly anonymous 'pulse checks' assessing relationships, personal growth, ambassadorship, happiness and satisfaction.

Our employee net promoter score measures employees' loyalty and pride in the organisation. This year, our employee net promoter score was 33, indicating a high proportion of staff who actively promote Lotto NZ as an excellent workplace.

Engagement is
7.9/10
(Very Good)

33 employee
net promoter
score
(Great)

Diversity, equity,
belonging and
inclusion is **8/10**
(Great)

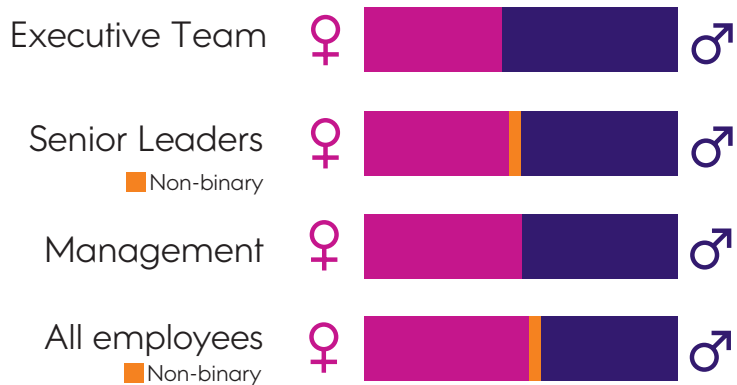
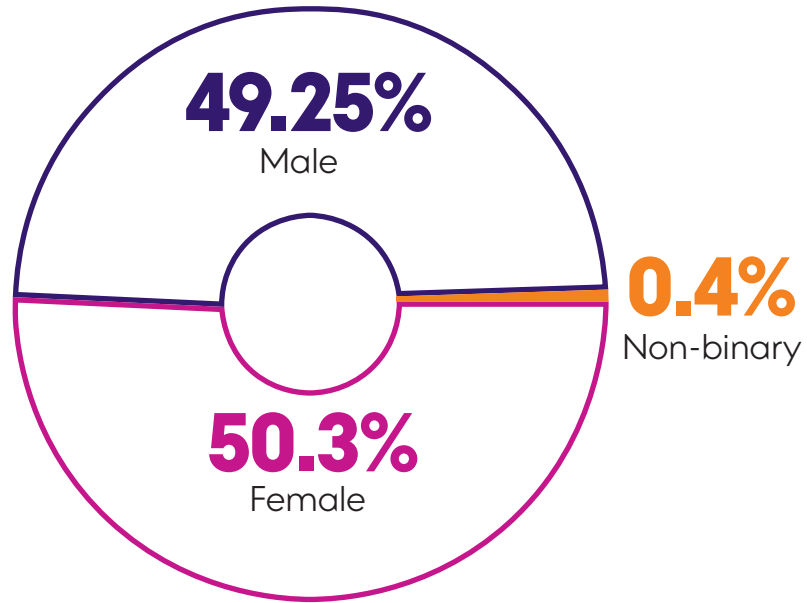
Onboarding is
8.9/10
(Great)

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.



Our Retail Operations team used their Lotto NZ volunteer day to help clear tracks and remove invasive weeds on Motuihe Island.

Gender



Ethnicity

European	164
Asian	89
Middle Eastern/ Latin American/African	18
Māori	17
Pacific	11
Other ethnicities	6
Residual categories	2

Age

19-19 years	1
20-29 years	40
30-39 years	74
40-49 years	75
50-59 years	44
60-69 years	18

Sustainability

Wellbeing and sustainability

Lotto NZ is committed to supporting New Zealand's transition to a low-emissions, climate-resilient future and contributing to the Government's 2050 emissions reduction targets.

We are focused on reducing gross greenhouse gas (GHG) emissions as part of our strategic planning. Since FY21 we have maintained Toitū 'Net Carbon Zero' certification, showing our carbon footprint has been measured and certified.¹

Lotto NZ offsets measured emissions by purchasing credible carbon credits in accordance with the Toitū certification. The following mandatory emissions are offset in line with the Toitū Net Carbon Zero requirements:²

- 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 commute³
- Working from home
- Water and wastewater (office)

Lotto operations do not produce significant emissions compared to more energy-intensive sectors. Since FY19 our most significant GHG emissions have been from electricity, paper (tickets and point of sale materials) in our retail network and the disposal of these paper-based items to landfill. Paper usage is expected to reduce over time as our business continues to move online and future omnichannel customers buy instore but receive their tickets digitally. The continued consolidation of our retail store network should result in less travel, freight and reduced electricity consumption due to fewer Lotto terminals.

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 2025 guidance⁴ document's applicable emissions factors.

¹ [Toitū Net Carbon Zero](#). This is the certification scheme as defined by Toitū.

² Mandatory emissions sources in accordance with [Toitū Net Carbon Zero](#) requirements. These offsets consider the Renewable Energy Certificates (RECs) obtained from third party data centre operations, reducing the purchase cost of offsets.

³ 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.

⁴ [Measuring emissions guide 2025 | Ministry for the Environment](#).

FY25 greenhouse gas emissions

In FY25 Lotto NZ's GHG emissions totalled 1,294 tonnes of carbon dioxide equivalent (tCO₂e) as certified by Toitū. This is 33% more than our measured emissions in FY24.

Increases in selected emissions year-on-year

EMISSION SOURCE	Change FY25 vs FY24	Reason
Freight	+287 tCO ₂ e (621%)	Supply chain issues at international and domestic ports resulted in the need to air freight Instant Kiwi tickets to ensure adequate stock levels were maintained. Lotto NZ normally sea freights all tickets unless urgent demand necessitates air freight.
Air travel	+115 tCO ₂ e (137%)	With the gambling industry evolving quickly overseas, and increased competition on its' way, FY25 saw an increase in aviation emissions as key staff travelled internationally to understand developments in innovation, technology and regulation.
Electricity	+51 tCO ₂ e (30%)	Electricity emissions rose due to an increase in the emissions factor. However, the actual electricity used by Lotto NZ in FY25 (2,367 MWh) was consistent with FY24 (2,370 MWh).

Reductions in selected emissions year-on-year

EMISSION SOURCE	Change FY25 vs FY24	Reason
Paper waste to landfill	-120 tCO ₂ e (38%)	Less paper was purchased and used during the reporting period.
Paper usage	-10 tCO ₂ e (3%)	Less paper was purchased and used during the reporting period.
Petrol	-5 tCO ₂ e (13%)	Reduced retail footprint and less travelling by Lotto staff.

During FY25 our recycling agreement for unused Instant Kiwi tickets with Oji Fibre solutions ended when they closed their Auckland recycling plant. We have entered a new arrangement with Huhtamaki to recycle Instant Kiwi tickets into fibre products like egg cartons.

Baseline comparison

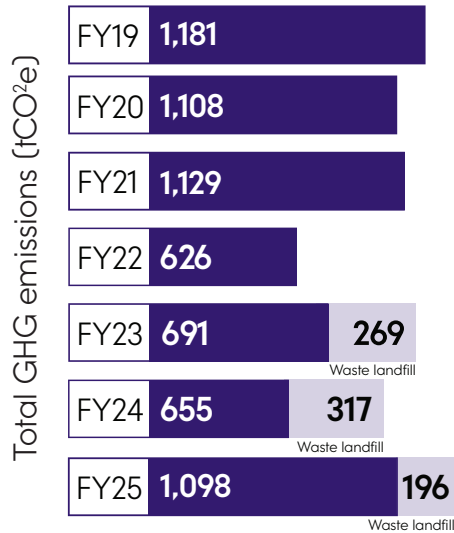
FY25 concludes our first emissions reduction plan (2019-2025). In FY19 total sales were \$1.17 billion. In FY25 sales totalled \$1.71 billion, a 46% increase. Despite strong growth in activity and sales Lotto NZ has reduced its emissions primarily through the shift in business mix from retail to digital. We have also continued to pursue recycling initiatives for paper tickets to minimise our waste to landfill. This has resulted in Lotto NZ's emissions falling 82 tCO₂e (7%) on a like-for-like basis⁵ when we compare FY25 to FY19. The primary movements are highlighted below:

- Reduced paper purchases resulted in a 115 tCO₂e (29%) reduction. The reduction has primarily arisen from the shift of players from instore to online, which accelerated during the Covid pandemic.
- There has been a 112 tCO₂e (30%) decrease in our petrol (scope 1) and electricity (scope 2) emissions combined. Our vehicle fleet has reduced from 27 vehicles to 18 with the fleet fully transitioned to electric/hybrid vehicles from FY24. Our retail network has decreased from 1,549 stores in FY19 to 1,140 at the end of FY25.
- Travel emissions were down 7 tCO₂e (3%)
- Partially offsetting the reductions above, freight has increased by 153 tCO₂e (+85%) due to the need to air freight Instant Kiwi tickets in FY25.

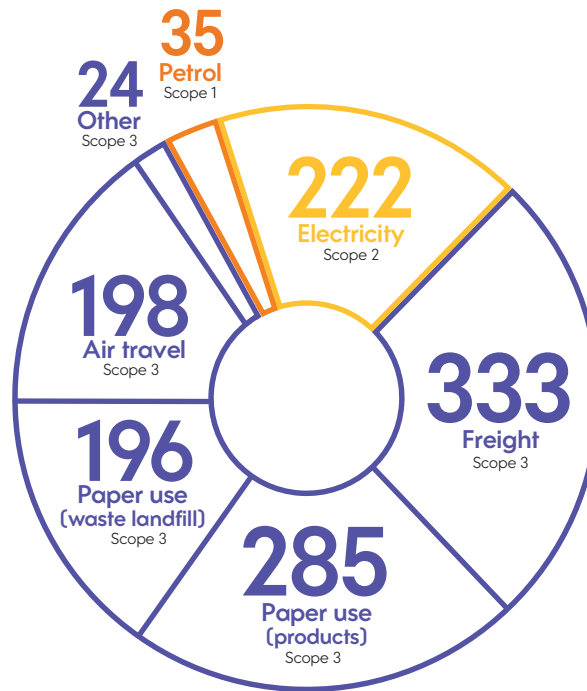
⁵ Waste to landfill is not included in the FY19 vs FY25 comparison as this was not in the FY19 baseline.

The following 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



FY25 GHG emissions by source (tCO₂e) (1 July 2024 to 30 June 2025)



Our average yearly emissions (excluding waste to landfill) from FY20 to the end of FY25 was 885 tCO₂e, which is a 25% reduction on our baseline FY19 emissions.

In the next financial year, we will recalibrate Lotto NZ's baseline for the period to FY30. The new baseline will support the development of emission reduction targets as part of our revised emission reduction plan. Board oversight of this plan sits with the Audit & Risk Committee.

Te Tiriti Māori-Crown relations

We recognise our responsibility to uphold Te Tiriti o Waitangi. In FY25, we engaged an external provider to advance this work and offered cultural competency opportunities for employees to improve their learning and understanding of te ao Māori, including tikanga Māori, te reo Māori, and Aotearoa New Zealand history - embracing opportunities to expand our knowledge in these areas.

In FY25 a group of senior leaders and executive completed their Te Kaa leadership programme, focused on building cultural competency with te ao Māori, including te reo Māori. We also ran two smaller online te reo-only versions of the programme for staff during the year, and had the essence of our organisational values and employee value proposition captured in te reo Māori.

We have an established Māori harm minimisation co-design group that meets quarterly to consult on marketing campaigns and responsible gambling messages, and execution of the wider Lotto responsible gambling programme.



LOCAL GRANTS STORY

Cancer Society NZ supporting Kiwi whānau through the tough times.

With 1 in 3 Kiwis expected to face a cancer diagnosis in their lifetime, the Cancer Society offers support and assistance to patients and their whānau during some of their most challenging moments.

With the help of \$160,000 in lottery funding last year, the organisation continues to provide vital services in communities throughout Aotearoa.

This funding is helping the Cancer Society deliver practical and emotional support to people and whānau navigating a cancer diagnosis - everything from transport to treatment, wellbeing care packages, and free support from nurses and counsellors.

“It also helps us fund a range of health and awareness programmes focused on cancer prevention and early detection,” says Cancer Society’s Senior Communications Advisor Maria De Cort.

With cancer rates in New Zealand expected to double every 25 years, the work of the Cancer Society is more critical than ever.

Thanks to funds raised by Lotto NZ players, Cancer Society NZ can stand alongside more people in their time of need - ensuring no one faces cancer alone.



Governance 

Mana
whakahaere



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 three standing Board committees: the Audit and Risk Committee, the Remuneration, Culture and Wellbeing Committee, and the Harm Minimisation Committee. Ad hoc committees, like the EDGE Programme Committee, are established as needed. These committees generally advise the Board and only act or make decisions when specifically mandated. 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 Communication Officer.

Harm Minimisation Committee

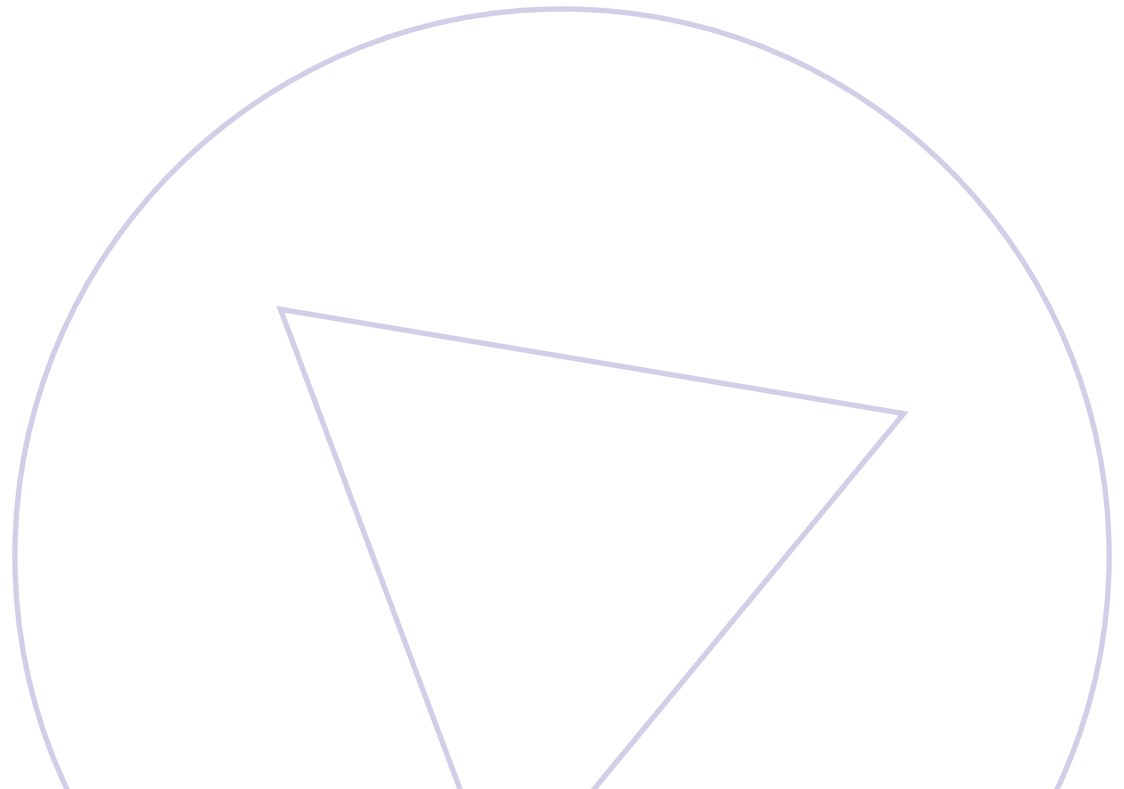
The Harm Minimisation Committee focuses on minimising gambling harm and ensuring responsible operations. Formed in FY23, it helps the Board understand harm prevention related to Lotto NZ's products. The Committee includes three Board members and selected Lotto NZ representatives who focus on harm minimisation.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

EDGE Programme Committee

The EDGE Programme Committee ensures best-practice governance of the EDGE programme, meeting regularly to monitor its progress.

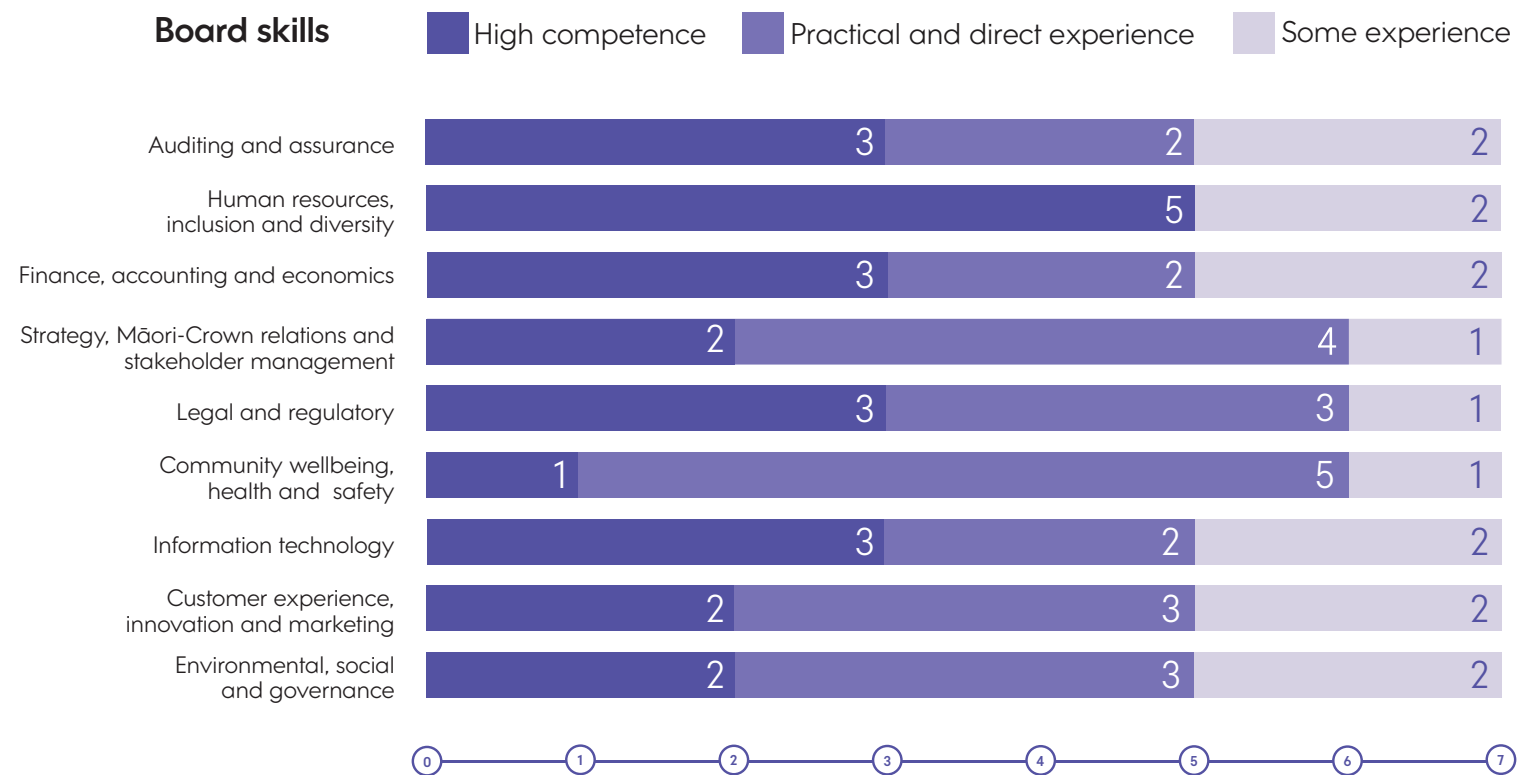
Board changes

In May 2025, Steve Bayliss was appointed as a new director to the Lotto NZ Board. Steve is an accomplished marketing and innovation professional, with a distinguished career spanning leadership roles across multiple industries and markets.



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 2025

Board



Mark Todd
Board Chair
(from August 2024)
6 years

Executive



Jason Delamore
Chief Executive Officer



David Tapsell
Deputy Board Chair
(to December 2024)
<8 years



Kim Gordon
Deputy Board Chair
(from December 2024)
7 years



Trish Oakley
Board Member
5 years



Erica Hodgson
Board Member
2 years



Ben Coney
Chief Innovation &
Product Officer



Sonja Johnson
Chief People &
Communications Officer



Paul Divers
Chief Retail Officer



Angela Dixon
Board Member
2 years



Talia Anderson-Town
Board Member
2 years



Steve Bayliss
Board Member
<1 year



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 2025

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.



Mark Todd
Chair

8 October 2025



Kim Gordon
Deputy chair

8 October 2025



Independent auditor's report

Independent auditor's report

To the readers of New Zealand Lotteries Commission's annual financial statements for the year ended 30 June 2025.

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 Audit New Zealand, to carry out, on his behalf, the audit of the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of movements in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 58 to 81.

Opinion

In our opinion the annual financial statements of the Commission:

- fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand in accordance with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Our audit was completed on 8 October 2025. This is the date at which our opinion is expressed.

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 annual financial statements

The Board is responsible on behalf of the the Commission for preparing annual financial statements that fairly present the Commission's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.

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

In preparing the annual 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 annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

For the budget information reported in the annual 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 annual 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 annual 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 Commission's annual financial statements 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 annual financial statements, including the disclosures, and whether the annual 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, but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual 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 independence requirements of 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) 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 the audit and these engagements, we have no relationship with or interests in the Commission.



Carl Wessels
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



Financials

Ngā take ahumoni

Financial statements

Ngā tauākī ahumoni

Statement of comprehensive income

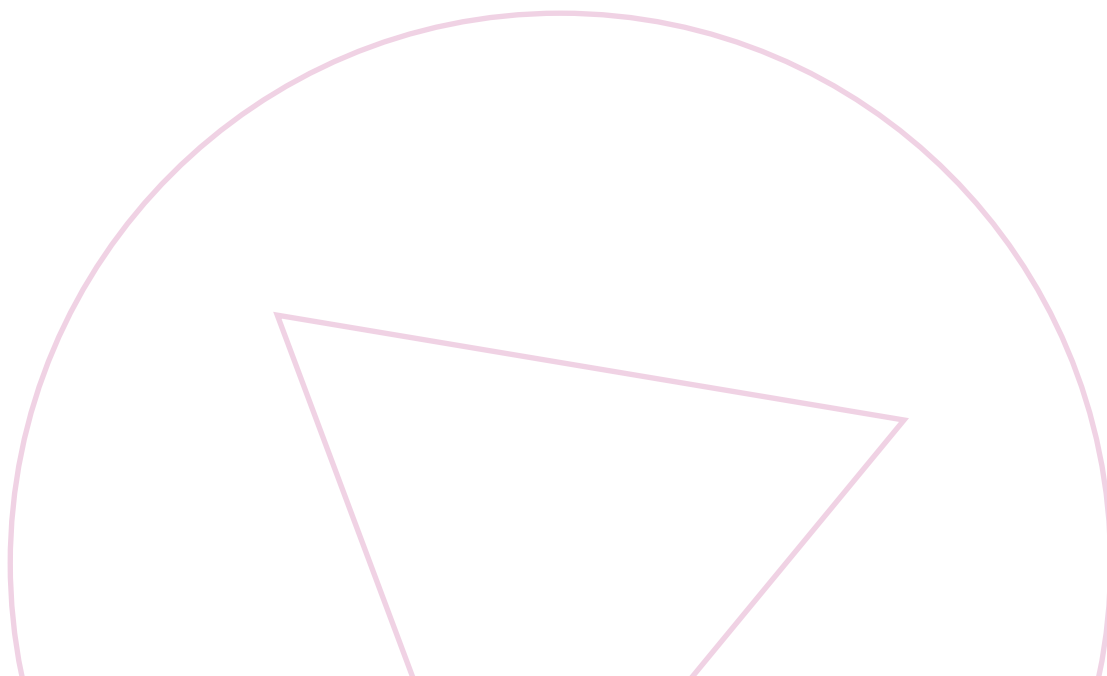
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025	Note	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
Continuing operations				
Revenue from contracts	2	1,534,561	1,394,434	1,613,736
Interest income		13,498	7,627	13,836
Other income		135	300	429
Revenue		1,548,194	1,402,361	1,628,001
Cost of sales	3	1,040,267	956,053	1,096,146
Gross profit		507,927	446,308	531,855
Expenses				
Employee remuneration		29,710	36,622	27,700
Promotion and retail support		23,442	25,676	21,935
IT and telecommunications		19,688	22,093	17,107
Gaming system expenses		11,481	12,003	10,958
Other expenses	4	4,811	4,560	5,278
Intangible asset amortisation		7,798	7,892	8,515
Property, plant and equipment depreciation		4,484	4,416	5,276
Right-of-use assets depreciation		1,020	820	868
Finance costs		347	350	273
Total expenses		102,781	114,432	97,910
Profit before distributions to the New Zealand Lottery Grants Board		405,146	331,876	433,945
Distribution of profit to the New Zealand Lottery Grants Board		395,146	331,876	433,945
Profit for the year	14/15	10,000	-	-
Total comprehensive income		10,000	-	-

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 YEAR ENDED 30 JUNE 2025	Note	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
Equity at beginning of the period		69,591	69,591	69,591
Comprehensive income				
Profit for the year		10,000	-	-
Total comprehensive income		10,000	-	-
Equity at the end of the period	14	79,591	69,591	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 30 JUNE 2025	Note	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
ASSETS				
Current assets				
Cash and cash equivalents	5	139,084	71,545	205,400
Term deposits	6	87,466	85,000	89,148
Receivables and contract assets	8	3,632	4,100	7,619
Prepayments		14,312	9,000	16,664
Inventories		2,234	4,000	1,886
Total current assets		246,728	173,645	320,717
Non-current assets				
Property, plant and equipment	9	4,736	13,451	8,001
Intangibles	10	27,555	53,999	18,472
Right-of-use assets	13	4,467	4,399	5,406
Total non-current assets		36,758	71,849	31,879
Total assets		283,486	245,494	352,596



Mark Todd
Chair
8 October 2025



Kim Gordon
Deputy chair
8 October 2025

	Note	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
LIABILITIES				
Current liabilities				
Creditors, other payables and contract liabilities	11	130,574	119,720	195,104
Prize reserve account	12	65,388	49,196	79,645
Annuity prize liabilities		-	-	40
Employee entitlements		2,813	2,000	2,167
Short-term financial derivatives	19	67	-	89
Lease liabilities	13	916	904	913
Total current liabilities		199,758	171,820	277,958
Long term liabilities				
Long-term financial derivatives	19	-	-	60
Lease liabilities	13	4,137	4,083	4,987
Total long-term liabilities		4,137	4,083	5,047
Total liabilities		203,895	175,903	283,005
Equity				
Retained earnings	14	79,591	69,591	69,591
Total equity		79,591	69,591	69,591
Total liabilities and equity		283,486	245,494	352,596

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 2025	Note	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
Cash flows from operating activities				
Sales		1,533,565	1,391,061	1,597,624
Other receipts		5,402	6,500	12,848
Net GST (paid)/received		(16,307)	-	12,608
Prize payments		(909,103)	(795,934)	(910,599)
Lottery duty		(88,312)	(81,400)	(96,078)
Retailers' commission		(63,407)	(66,872)	(68,376)
Employee costs		(29,113)	(36,622)	(27,503)
Other payments		(69,378)	(73,680)	(67,369)
Net cash flow from operating activities		363,347	343,053	453,155
Cash flows from investing activities				
Decrease/(increase) in term deposits		1,682	-	(5,407)
Sale of property, plant and equipment		128	50	113
Interest received		13,498	7,278	13,836
Purchase of property, plant and equipment		(1,392)	(6,941)	(3,284)
Purchase of intangibles		(18,096)	(43,729)	(9,121)
Net cash flow from investing activities		(4,180)	(43,342)	(3,863)
Cash flows from financing activities				
Discharge of annuity prize liabilities		(40)	(40)	(172)
Repayment of borrowings and leasing liabilities		(927)	(913)	(396)
Interest paid		(347)	(350)	(273)
Payments to the New Zealand Lottery Grants Board		(424,169)	(331,876)	(351,477)
Net cash flow from financing activities		(425,483)	(333,179)	(352,318)
Net increase/(decrease) in cash balances		(66,316)	(33,468)	96,974
Opening cash and cash equivalents balance		205,400	105,013	108,426
Closing cash and cash equivalents balance	5	139,084	71,545	205,400

To provide more meaningful information for financial statement purposes, GST and term deposit 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 to net cash flow from operating activities

RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	30/06/25 \$000	30/06/24 \$000
Profit after distribution to the New Zealand Lottery Grants Board	10,000	-
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	4,484	5,276
Depreciation of right-of-use asset	1,020	868
Amortisation of intangibles	7,798	8,515
Changes in assets and liabilities		
(Increase)/decrease in receivables and contract assets	3,987	(436)
(Increase)/decrease in prepayments	2,352	(5,505)
(Increase)/decrease in inventories	(348)	1,451
Increase/(decrease) in contract liabilities	1,048	(3,997)
Increase/(decrease) in prize liabilities	(16,964)	(14,374)
Increase/(decrease) in trade creditors	(19,591)	15,021
Increase/(decrease) in annuity prizes	(40)	(172)
Increase/(decrease) in employee entitlements	646	170
Increase/(decrease) in short-term financial derivatives	(22)	77
Increase/(decrease) in lease incentive	-	(59)
Increase/(decrease) in prize reserve account	(14,257)	27,692
Add/(less) items classified as investing or financing activities		
Interest receipts	(13,498)	(13,836)
(Gain)/loss on sale of property, plant and equipment	(98)	(93)
(Increase)/decrease in trade creditors for property, plant and equipment and intangibles	1,357	(1,893)
(Increase)/decrease in annuity prize liabilities	40	172
Interest paid	347	273
Increase/(decrease) in long-term financial derivatives	(60)	60
New Zealand Lottery Grants Board	395,146	433,945
Net cash inflow from operating activities	363,347	453,155

Notes to the financial statements

Ngā tuhinga o ngā tauākī ahumoni

1. Statement of accounting policies for the year ended 30 June 2025

Reporting entity

The New Zealand Lotteries Commission (Lotto NZ) is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. Lotto NZ's ultimate parent is the New Zealand Crown. Lotto NZ 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 NZ are for the year ended 30 June 2025 and were approved by the Board on 8 October 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

There have been no changes in accounting policies.

Standards and interpretations

Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Lotto NZ for the annual reporting period ending 30 June 2025. 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 NZ 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 NZ 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 NZ.

Summary of material 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 NZ'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 NZ 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 NZ has assessed the prize reserve account as a current liability as itemised in the prize reserve account policy (refer note 12). The distribution of profits to the New Zealand Lottery Grants Board has been classified as a financing activity in the statement of cash flows.

The costs associated with the interactive replacement platform, which forms part of the current gaming system, were capitalised as of June 2022. The useful life of the interactive platform would ordinarily be seven years as per accounting policy. However, due to the imminent completion of the EDGE programme, which will replace the current gaming system hardware and software, the useful life of the interactive platform has been shortened to three years (from 1 June 2022 to 30 June 2025).

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.

	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
REVENUE FROM CONTRACTS WITH CUSTOMERS			
Ticket sales			
Lotto, Powerball and Strike	1,367,715	1,225,000	1,450,805
Instant Kiwi	120,663	128,000	124,829
Instant Kiwi Online	73,190	62,000	68,197
Keno	51,101	50,000	51,331
Bullseye	14,265	15,000	15,703
Sales including GST	1,626,934	1,480,000	1,710,865
Less GST	97,628	88,939	102,671
Sales excluding GST	1,529,306	1,391,061	1,608,194
REVENUE FROM CONTRACTS WITH RETAILERS			
Telecommunications and terminal maintenance cost recovery	4,880	3,101	5,152
Retailers' establishment fees	375	272	390
	5,255	3,373	5,542
	1,534,561	1,394,434	1,613,736

3. Cost of sales

	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
Lottery duty	89,481	81,400	94,098
Problem gambling levy	3,194	3,000	3,550
Retailers' commission & MyLotto transaction fees	63,321	66,872	68,496
Prizes paid and payable	810,822	742,642	829,293
Prize reserve account	61,851	53,292	89,655
Interest transferred to prize reserve account	5,821	2,200	5,151
Ticket costs	5,593	6,347	5,412
Cost of goods sold to retailers	184	300	491
	1,040,267	956,053	1,096,146

4. Other expenses

	30/06/25 Actual \$000	30/06/25 Budget \$000	30/06/24 Actual \$000
Fees paid to Audit New Zealand:			
- Audit of annual financial statements	252	276	266
- Scrutineering function	179	171	164
Board members' fees (note 17)	255	233	239
Interest	-	5	2
Premises costs	511	546	538
(Gain)/loss on foreign exchange	(151)	-	131
(Gain)/loss on asset disposals	(98)	-	(93)
Other	3,863	3,329	4,031
	4,811	4,560	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.

It is Lotto NZ'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.

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

	30/06/25 \$000	30/06/24 \$000
Cash and bank balance	31,656	47,884
Short-term deposits	107,107	156,623
Accrued interest	321	893
	139,084	205,400

6. Term deposits

Accounting policy

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

	30/06/25 \$000	30/06/24 \$000
Term deposits	87,000	88,500
Accrued interest	466	648
	87,466	89,148

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.

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

	30/06/25 \$000	30/06/24 \$000
Payment of unpaid prizes	89,538	120,758
MyLotto player funds	14,537	21,109
	104,075	141,867

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.

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.

	30/06/25 \$000	30/06/24 \$000
Receivables from retailers for current games	3,602	3,303
Receivables from net ticket sales	1	4,276
Other trade receivables	29	40
	3,632	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 NZ. Other trade receivables are amounts outstanding for retailer fitout and miscellaneous expenditure.

Lotto NZ 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.

	30/06/25 \$000	30/06/24 \$000
Ageing of trade and retailer receivables		
Not past due	3,632	7,611
Past due 1-30 days	-	1
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due >90 days	-	7
	3,632	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 NZ 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 NZ's annual review, property, plant and equipment assets with a net carrying value of nil (2024: 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 NZ 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 as it relates to the closing carrying value of property, plant and equipment as at 30 June 2025.

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 2023	23	45,984	2,134	883	739	574	211	639	51,187
Additions	590	1,654	384	-	76	191	5	3,379	6,279
Disposals and transfers*	-	(3,242)	(346)	(288)	(108)	(146)	(55)	(2,897)	(7,082)
Balance 30 June 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
Accumulated depreciation									
Balance 1 July 2023	6	37,685	1,759	770	501	347	201	-	41,269
Depreciation	121	4,618	268	53	56	156	4	-	5,276
Disposals	-	(3,242)	(342)	(288)	(104)	(132)	(54)	-	(4,162)
Balance 30 June 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
Carrying amounts									
At 1 July 2023	17	8,299	375	113	238	227	10	639	9,918
At 30 June 2024	486	5,335	487	60	254	248	10	1,121	8,001
Balance 30 June 2025	370	2,990	399	7	231	313	17	409	4,736

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 \$1,961k from work-in-progress to capitalised asset classes (2024: \$2,897k)

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.

BREAKDOWN OF INTANGIBLE ASSETS	Computer software \$000	Work in progress \$000	Total \$000
Cost or valuation			
Balance 1 July 2023	37,751	284	38,035
Additions	1,134	10,069	11,203
Disposals and transfers*	(3,772)	(284)	(4,056)
Balance 30 June 2024	35,113	10,069	45,182
Additions	327	16,787	17,114
Disposals and transfers*	(601)	(233)	(834)
Balance 30 June 2025	34,839	26,623	61,462
Accumulated amortisation			
Balance 1 July 2023	21,967	-	21,967
Amortisation	8,515	-	8,515
Disposals	(3,772)	-	(3,772)
Balance 30 June 2024	26,710	-	26,710
Amortisation	7,798	-	7,798
Disposals	(601)	-	(601)
Balance 30 June 2025	33,907	-	33,907
Carrying amounts			
At 1 July 2023	15,784	284	16,068
At 30 June 2024	8,403	10,069	18,472
Balance 30 June 2025	932	26,623	27,555

* Includes transfers of \$233k from work-in-progress to capitalised asset classes (2024: \$284k)

We have not identified any indicators of impairment as it relates to the closing carrying value of intangible assets as at 30 June 2025. 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.

At 30 June 2025 the WIP balance consisted solely of the gaming system replacement project (EDGE). This asset will be amortised over a period of seven years from the go live date.

11. Creditors, other payables and contract liabilities

Accounting policy

These amounts represent liabilities for goods and services provided to Lotto NZ 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.

	30/06/25 \$000	30/06/24 \$000
Contract liabilities	4,357	3,309
Prize liabilities	24,150	41,114
MyLotto player accounts	13,431	13,604
Trade creditors	13,603	33,439
Payable to the New Zealand Lottery Grants Board	63,270	92,293
Accrued expenses	11,763	11,345
	130,574	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.

The amount payable to the New Zealand Lottery Grants Board of \$63.3 million as at 30 June 2025 (2024: \$92.3 million) represents profits less retention in excess of the \$331.9 million already paid to the Lottery Grants Board in 2025. This was paid to the Lottery Grants Board on 29 August 2025.

Credit facilities

Lotto NZ has a bank overdraft facility of \$1 million with Westpac Banking Corporation. The interest rate on the overdraft facility at 30 June 2025 if utilised was 10.20% (2024: 12.55%). The balance of the overdraft as at 30 June 2025 was nil (2024: nil).

12. Prize reserve account

Accounting policy

A prize reserve account (PRA) has been established by Lotto NZ, 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 NZ. 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 NZ 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.

	30/06/25 \$000	30/06/24 \$000
Opening balance	79,645	51,953
Amounts transferred based on game sales	61,851	70,560
Interest	5,821	5,151
Unclaimed prizes over 12 months old	9,507	9,763
Transfers to prize pools	(91,436)	(57,782)
	65,388	79,645

13. Right-of-use assets and leases

Accounting policy

At lease commencement date, Lotto NZ 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 NZ, 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 NZ 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 NZ also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, Lotto NZ 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 NZ'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 NZ 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	6,090
Disposals	(7,115)
Balance 30 June 2024	6,090
Additions	271
Disposals	(216)
Balance 30 June 2025	6,145
Accumulated depreciation	
Balance 1 July 2023	6,931
Depreciation	868
Disposals	(7,115)
Balance 30 June 2024	684
Depreciation	1,020
Disposals	(26)
Balance 30 June 2025	1,678
Carrying amounts	
At 1 July 2023	184
At 30 June 2024	5,406
Balance 30 June 2025	4,467

The right-of-use assets relate to operating leases for office premises. The average lease term is 5 years (2024: 6 years).

	30/06/25 \$000	30/06/24 \$000
Amounts recognised in profit and loss		
Depreciation	1,020	868
Interest expense on lease liabilities	347	273

	30/06/25 \$000	30/06/24 \$000
Lease liabilities		
Current	916	913
Non-current	4,137	4,987
	5,053	5,900

	30/06/25 \$000	30/06/24 \$000
Maturity analysis		
Within one year	916	913
One to five years	4,137	4,714
Later than five years	-	273
	5,053	5,900

14. Equity

Accounting policy

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

	30/06/25 \$000	30/06/24 \$000
Retained earnings		
Opening balance	69,591	69,591
Profit for the year	10,000	-
Retained earnings at the end of period	79,591	69,591

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

For the year ended 30 June 2025 profit of \$10.0 million was retained (2024: \$nil).

15. Related party information

Lotto NZ 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 NZ 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 2025 financial year amounted to \$395.1 million (2024: \$434 million). For the year ended 30 June 2025 \$10.0 million of profit was retained for Project Frontier capital expenditure (2024: \$nil was retained). No funding was provided by the Crown to Lotto NZ.

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

In conducting its activities, Lotto NZ is required to pay various taxes and levies (such as Goods and Services Tax (GST), Fringe Benefit Tax (FBT), Pay As You Earn (PAYE), Accident Compensation Corporation levies (ACC), 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 NZ is exempt from income tax by virtue of section 264 of the Gambling Act 2003.

Lotto NZ also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2025 totalled \$1.7 million (2024: \$1.7 million). Key entities include Television New Zealand, Air New Zealand, Audit New Zealand and New Zealand Post.

	30/06/25 \$000	30/06/24 \$000
Key management personnel compensation		
Salaries and other short-term employee benefits	3,170	3,111

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 2025 (2024: seven members).

16. 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 NZ of all elements of contracted remuneration packages (salaries and all benefits including motor vehicles and superannuation scheme contributions made by Lotto NZ). The information below reflects the amount actually paid or, in the case of benefits, actually provided during the year.

During the year, five people ceased to be employees who received a total of \$81,510 as compensation or other benefits in relation to the cessation of their employment (2024: five people, \$85,708). This information is provided pursuant to section 152, subsection 1(d) of the Crown Entities Act 2004.

	Number of employees 30/06/25	Number of employees 30/06/24
Total remuneration		
\$100,000 to \$109,999	30	25
\$110,000 to \$119,999	18	14
\$120,000 to \$129,999	12	11
\$130,000 to \$139,999	11	10
\$140,000 to \$149,999	13	8
\$150,000 to \$159,999	7	12
\$160,000 to \$169,999	13	11
\$170,000 to \$179,999	12	8
\$180,000 to \$189,999	5	3
\$190,000 to \$199,999	6	5
\$200,000 to \$209,999	3	1
\$210,000 to \$219,999	1	5
\$220,000 to \$229,999	7	4
\$240,000 to \$249,999	1	-
\$270,000 to \$279,999	-	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
\$390,000 to \$399,999	-	1
\$400,000 to \$409,999	2	-
\$420,000 to \$429,999	1	-
\$430,000 to \$439,999	-	1
\$450,000 to \$459,999	-	1
\$590,000 to \$599,999	1	-

17. Board members' fees

	30/06/25 \$000	30/06/24 \$000
Mark Todd (appointed February 2019, appointed Chair September 2024)	59	32
Angela Dixon (appointed June 2024)	32	3
Erica Hodgson (appointed February 2023 as Future Director, appointed board member April 2024)	32	30
Kim Gordon (appointed May 2018, appointed Deputy Chair December 2024)	38	35
Patricia Oakley (appointed June 2020)	32	32
Steve Baylis (appointed May 2025)	5	-
Talia Anderson-Town (appointed June 2024)	32	3
Roger Sharp, Chair (appointed July 2020, term ended August 2024)	11	64
David Tapsell (appointed November 2016, appointed Deputy Chair November 2018, resigned December 2024)	14	40
	255	239

During the year Roger Sharp's term as Chair ended on 31 August 2024 and David Tapsell resigned effective 1 December 2024, the total number of Board members at 30 June 2025 was seven (2024: eight 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 NZ 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 NZ.

18. Categories of financial assets and liabilities

	30/06/25 \$000	30/06/24 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	139,084	205,400
Term deposits	87,466	89,148
Debtors and other receivables	3,632	7,619
	230,182	302,167
Financial liabilities measured at amortised cost		
Creditors and other payables	130,574	195,104
Prize reserve account	65,388	79,645
	195,962	274,749

19. Financial instrument risks

Lotto NZ's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Lotto NZ 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 NZ'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 NZ, causing Lotto NZ to incur a loss. Due to the timing of cash inflows and outflows, surplus cash is invested with registered banks. Lotto NZ's Investment policy limits the amount of credit exposure to any one bank.

Liquidity risk

Liquidity risk is the risk that Lotto NZ will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, Lotto NZ 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.

	30/06/25 \$000	30/06/24 \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	188,050	230,548
A	38,500	64,000
	226,550	294,548
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Receivables and contract assets		
Existing counterparty with no defaults in the past	3,632	7,619
	3,632	7,619

Derivative financial instruments and hedging

As at 30 June 2025 Lotto NZ held two (2024: nine) forward contracts to cover the cost of payments due to be remitted to suppliers in US dollars at a later date totalling US \$1.5 million (2024: US \$5.9 million). The year-end revaluation of these contracts resulted in a \$67k unrealised loss (2024: \$149k unrealised loss), which has been 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 is to minimise uncertainty arising from exchange rate fluctuations in respect of payments to the supplier of Lotto NZ's gaming system.

20. Capital management

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

Lotto NZ 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.

21. Major budget variations

Sales including GST were \$1,626.9 million; \$146.9 million (9.8%) higher than budget. This was due to several jackpot runs throughout the year, including a \$44 million Powerball jackpot run in August 2024. As a result, Lotto family (Lotto, Powerball and Strike) sales of \$1,367.7 million were \$142.7 million (11.7%) higher than budget.

Interest income of \$13.5 million was \$5.9 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 \$102.8 million, \$11.7 million (10.2%) below budget. The variances to budget were most notable in the following areas:

- Employee remuneration expenses were \$6.9 million (18.9%) below budget as the back fill costs associated with the EDGE programme have been lower than expected.
- Promotion and retail support costs were \$2.2 million (8.7%) lower than budget, primarily due to the timing of game stationery purchases and lower storage and distribution costs.
- IT and telecommunications costs were \$2.4 million (10.9%) below budget due to a lower spend on professional services and software maintenance.

The resulting net profit before distribution of \$405.1 million was \$73.3 million (22.1%) higher than budget.

Due to increased sales and profits this year, we have higher than budgeted cash and term deposit balances and an unbudgeted amount of \$63.3 million payable to the Lotteries Grants Board, which was paid on 29 August 2025. The higher prize reserve fund is due to a higher opening balance than budgeted.

22. Commitments

	30/06/25 \$000	30/06/24 \$000
Capital commitments approved and contracted		
Property, plant and equipment and intangibles	11,178	18,041

Commitments at 30 June 2025 are primarily for the EDGE programme.

23. 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 2025 or 30 June 2024.

24. Events after balance date

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

Directory

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Board members

Mark Todd Chair
David Tapsell Deputy Chair (to December 2024)
Kim Gordon Deputy Chair (from December 2024)

Trish Oakley
Erica Hodgson
Talia Anderson-Town
Angela Dixon
Steve Bayliss (from May 2025)

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
Sonja Johnson Chief People and Communications Officer
Sarah Thirlwall Chief Transformation and Technology Officer

Find out more at
mylotto.co.nz

