

The Lottery Corporation 2023 AGM report

ASX code	TLC
Meeting date	Thursday, 19 October 2023
Type of meeting	Physical with webcast (pre-submitted web questions only)
Monitor	David Loosemore assisted by Rachel Waterhouse and John Whittington
Pre AGM-meeting	Yes with Chairman Steven Gregg, Harry Boon Rem Chair, Michael Patron GM Performance and Rewards, Chris Richardson GM Investor Relations

Meeting Statistics

Number of holdings represented by ASA	172
Number of shares represented by ASA	1,261,753
Value of shares represented by ASA	\$5.6m
Total number attending meeting	71 people in person (57 registered as shareholders). 121 people registered to view the webcast.
Market capitalisation	\$9.9 billion
ASA open proxies voted	ASA voted in favour of the resolutions

First full year as a lottery corporation

Following an acknowledgement of Country, the Chairman, and CEO delivered comprehensive presentations (available [here](#) via weblink) on the company's performance and prospects for the upcoming year. Key highlights included:

- TLC Chairman Steven Gregg will be resigning in the next six months to take up Chair of the Board of Westpac. A replacement will be recruited over that period.
- Earnings continue to be resilient although there was some impact from lower jackpots during the year.
- There was international recognition of the TLC early intervention program for problem gamblers. More information is available in the ASA Voting Intention (VI) report.

The ASA noted that it was pleased that Director Anne Brennan has increased her shareholding since the VI report for better alignment with shareholders interests.

ASA would prefer a hybrid meeting as no live questions or voting were allowed online during the meeting. TLC said they would look into that and discuss with ASA.

The ASA noted that the company's dividend payout ratio to earnings appears relatively high, suggesting limited growth opportunities for reinvestment and asked for elaboration on the growth opportunities that TLC is prioritising and planning to develop in the next few years.

In response, the Chairman pointed out the diversity of shareholder dividend preferences, with some desiring higher dividends and others preferring lower. The company aims to strike a balance by providing a fully franked dividend while still facilitating some growth. This balance is achieved by maintaining the current pay-out level, allowing for organic growth by optimising existing operations, and concurrently exploring opportunities to acquire new licences and enter new markets.

Questions from the floor were probing for information on the competition from online resellers (e.g. Jumbo Interactive Ltd) and from large overseas lotteries. Jumbo is a reseller of the TLC product, so they work with them as a channel product rather than a competitor. TLC is an omni channel business that offers newsagent presence. 38% of sales were online for lotteries and they expect that to grow over time as well as retail growth.

With regards to competition from or the potential leakage to overseas lotteries, Australia has an advantage as the lottery jackpots are smaller but received tax free. They didn't have specific data on transfer of spend overseas to share, but TLC possesses associated data that helps them understand customer motivations and tailor their product to remain relevant, especially for younger customers.

Harry Boon and Steven Gregg addressed their respective election resolutions, highlighting their skills and experience. Notably, support for Steven was slightly lower (95.79% vs 98.67%) probably reflecting his recent announcement to resign in six months when a replacement is recruited by the Board.

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