

Few jackpots, no bonus, and a pay review on the way

Company/ASX Code	The Lottery Corporation Limited/TLC
AGM time and date	10am AEDT on Wednesday, 14 October 2026
Location	Whiteley Ballroom, Amora Jamison Sydney, 11 Jamison Street, Sydney NSW
Registry	MUFG Corporate Markets
Type of meeting	Physical with view-only webcast (questions can only be submitted online before the meeting)
Monitor	David Loosemore assisted by David Shaw and Alison Prentice
Pre-AGM Meeting	Yes, with Doug McTaggart (Chairman), Harry Boon (outgoing People & Remuneration Committee Chairman) and Tim Poole (incoming People & Remuneration Committee Chairman)

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have shareholdings in this company.

1. How we intend to vote

No.	Resolution description	Proposed vote
2(a)	Re-election of Dr Doug McTaggart as a Director	For
2(b)	Re-election of Ms Megan Quinn as a Director	For
3	Adoption of Remuneration Report	For
4	Grant of Performance Rights to the Managing Director and Chief Executive Officer	For
5	Renewal of proportional takeover provisions	For

There is a live webcast, but online viewers cannot ask questions or vote during the meeting. Questions can be submitted before the meeting. All resolutions will be decided by a poll, so shareholders who cannot attend in person should lodge a proxy.

2. Summary of Issues and Voting Intentions for AGM

- ASA will support all resolutions. FY26 was a year of few big jackpots and a change of CEO. The Board applied its bonus gateway as designed, and no short-term incentive (STI) was paid to either the outgoing or incoming CEO.
- The remuneration framework still does not meet all ASA guidelines. The new CEO received a \$500,000 cash sign-on payment, the long-term incentive (LTI) is tested over only three years, and targets for return on invested capital (ROIC) are not disclosed in advance. These concerns are not new. The Board has told us it will

conduct a full review of the STI and LTI, with changes effective from 1 July 2027, and ASA will engage with it on these points.

- Female representation on the Board has fallen to 25% (2 of 8 directors), below the Board's own 40% target. The Board told us it is finding it difficult to attract suitable women directors to a gambling-sector board. We would like to see a clear plan and timeline.
- The Board skills matrix still does not identify individual directors, and the Board does not intend to change this.
- We welcome the Board's advice that future AGMs will be held in Brisbane as hybrid meetings, which ASA has been seeking.
- ASA opposes shareholder-funded political contributions. TLC spent \$130,700 in FY26, largely on attendance at political functions. No cash donations were made.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

3. Matters Considered

Accounts and reports

The Lottery Corporation (TLC) operates lotteries across Australia under long-term licences in every state and territory except Western Australia and Keno on the east coast. Its brands include Powerball, Oz Lotto, Saturday Lotto and Instant Scratch-Its.

FY26 was a weak year for big jackpots. There was no \$100m Powerball jackpot for the first time since FY21 and no \$50m Oz Lotto jackpot for the first time since FY17, which the company describes as a 1-in-45-year outcome. This reduced revenue by about \$350m. Group revenue fell 2.9% to \$3,576.6m. Net profit after tax (NPAT) fell 22.1% to \$284.6m, and NPAT before significant items fell 6.3% to \$342.5m. The significant items included a \$57.0m write-down of the ACT Keno licence. Legislation prohibiting online Keno from 1 January 2027 has now been enacted. TLC intends to cease its online Keno operations.

The dividend was maintained at 16.5 cents per share, fully franked. This is 107% of NPAT before significant items. Operating costs were well controlled, and net debt of 3.1 times EBITDA sits at the lower end of the company's 3.0 to 4.0 times target range, with a BBB+ credit rating.

In May 2026 TLC secured an early 40-year extension of its Victorian lottery licence for a premium of \$1,145m. This is payable in two instalments, \$250m in July 2026 and \$895m in October 2026, funded from debt facilities. Shareholders should expect debt to rise in FY27 as a result, in return for long-term certainty over a key licence.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT (\$m)	284.6	365.5	414.0	264.8	346.6
UPAT (\$m)	342.5	365.5	411.8	339.4	373.2
Share price (\$)	5.76	5.33	5.07	5.13	4.52
Dividend (cents)	16.5	16.5	18.5	15.0	N/A
Simple TSR (%)	11.2	8.4	2.4	16.8	N/A
EPS (cents)	12.8	16.4	18.6	11.9	15.6
CEO total remuneration, actual (\$m)	1.422*	2.547	2.599	1.896	2.071

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking), by the share price at the start of the year. UPAT is NPAT before significant items. Dividends include special dividends (FY24: 2.5 cents, FY23: 1.0 cent).

**FY26 is for the current MD & CEO, Mr Wayne Pickup, from 27 November 2025, and includes his \$500,000 cash sign-on payment. The former MD & CEO, Ms Sue van der Merwe, received \$4.359m for her time in the role in FY26. This included \$2.157m from the FY23 LTI, which vested at 53%, and \$0.626m in cash from her FY25 STI. Figures are from the company's voluntary disclosure of remuneration actually received.*

Governance and culture

TLC has a board of eight: an independent Chairman, six other independent non-executive directors and the MD & CEO. From our meetings and its reports, TLC continues to show a clear commitment to good governance and open engagement with shareholders. The Board also asked to see ASA's revised guidelines when available.

Board diversity. Women now make up 25% of the Board (2 of 8), down from 42.9% last year. This is below both ASA's 40% objective and the Board's own target, which the company acknowledges. It follows the retirement of Ms van der Merwe and the appointment of Mr Pickup. The Chairman told us that recruitment is a constant topic at Board level. He said that finding directors with lottery experience or digital skills is difficult, that many prospective directors, particularly women, do not wish to join a gambling-sector board, and that it has had to relax some criteria to find candidates. ASA acknowledges these challenges but would like the Board to set out a plan and timeline for returning to 40%.

Board skills matrix. The Corporate Governance Statement rates the Board's collective skills as High, Practised or Awareness, but does not show which directors hold which skills. ASA raised this last year. The Board has again declined to identify individual directors in the matrix, preferring to provide detailed information on each director separately. Director biographies in the Annual Report and Notice of Meeting are detailed enough for shareholders to form a view. The matrix indicates limited independent directors rated High in information technology. The Chairman acknowledged that digital skills are hard to find, noting that Mr Pickup has a technology background.

Cyber security. The Board told us it runs regular cyber exercises, including on data privacy. It has an external adviser's roadmap to lift capability, which has been reviewed twice, with further reviews to come.

Political contributions. TLC disclosed \$130,700 in political contributions in FY26 (Directors' Report, page 45). The Chairman told us these were mainly for tables at political functions, to give access to ministers and their advisers and raise issues that affect lottery revenue, including state and federal tax receipts. No cash donations were made. ASA appreciates the disclosure but opposes the use of shareholder funds for political contributions, including function and forum fees.

Key events

- Mr Pickup started as MD & CEO and led a strategy refresh that repositions TLC as a digitally led entertainment business. A new operating model from 1 July 2026 created three customer-facing business units: Lotteries, Digital and Keno.
- A 40-year extension of the Victorian lottery licence was secured in May 2026.
- The Australian Government has introduced legislation that would ban online Keno-type products from 1 January 2027. If it passes, TLC intends to cease online Keno, and it has written off the ACT Keno licence.
- Cost savings were 37% above target, and the earlier Powerball price increase has held up well with players.
- Jumbo Interactive resells TLC lottery products online under an agreement that expires in 2030. The agreement is under review ahead of its expiry.

Key board or senior management changes

- Ms Sue van der Merwe retired as MD & CEO, ceasing as a key management person on 27 November 2025. Mr Wayne Pickup, previously of Allwyn North America and Lotto New Zealand, was appointed MD & CEO from 9 December 2025.
- Mr Harry Boon is stepping down as Chairman of the People & Remuneration Committee, and Mr Tim Poole is taking over. Mr Boon will retire at the end of the AGM.
- The leadership team was restructured under the new operating model. Mr Andrew Shepherd ceased to be a key management person on 30 June 2026.

Sustainability/ESG

Keeping its social licence to operate is critical for a gambling business, and TLC continues to report comprehensively on sustainability. It maintained World Lottery Association Level 4 responsible gaming certification and published its first mandatory climate-related financial disclosures in the FY26 Annual Report. TLC has a net zero target for Scope 1 and 2 emissions by FY30, and 69% of its vehicle fleet is now hybrid or electric, up from 43%. Women hold 43.8% of senior leadership roles and 48.6% of roles across the workforce.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Shareholder engagement and hybrid AGMs. This year's AGM in Sydney is physical only, with a view-only webcast. ASA welcomes the Board's advice that future AGMs will be held in Brisbane as hybrid meetings, allowing online shareholders to take part in real time.

AI and cyber security. See Governance and culture above.

4. Rationale for Voting Intentions

Item 2(a) Re-election of Dr Doug McTaggart as a Director (for)

Dr McTaggart joined the Board in October 2022 after serving as an observer from May 2022, and has been Chairman since March 2024. He also chairs the Nomination Committee. He is a former CEO of QIC and a former director of Suncorp, and the Board values his background in finance, treasury, risk and compliance. He holds no other listed company directorships, so he has ample capacity. He holds 88,391 shares, 153% of the Board's minimum shareholding requirement, and is independent. As Chairman of the Nomination Committee he is accountable for board diversity, and ASA will continue to engage with him on restoring female representation. Supported.

Item 2(b) Re-election of Ms Megan Quinn as a Director (for)

Ms Quinn has been a non-executive director since October 2022. She co-founded Net-a-Porter and brings customer, brand and digital transformation experience, which is directly relevant to TLC's digital strategy. She stepped down from the boards of Reece and City Chic Collective in 2025 and holds no other listed directorships. Last year ASA asked that she increase her shareholding. She now holds 36,146 shares, 125% of the Board's minimum requirement, and we thank her for that. She is independent. Supported.

Item 3 Adoption of Remuneration Report (for)

This is an advisory vote. The framework sets out a sound structure. For the new CEO, 75% of maximum pay is at risk, 50% of any STI is deferred into shares restricted for two years, LTI awards are allocated at face value, and malus and clawback apply. Non-executive director fees have not increased since listing in 2022.

STI gateway applied. No STI is paid unless at least 95% of budgeted EBIT is achieved. FY26 EBIT reached about 88.8% of budget, largely because of the jackpot shortfall. The Board accepted that cost control and strategic execution were strong but applied the gateway as designed. No STI was paid to the current or former CEO or to other executives. ASA commends the Board for this. The first LTI since demerger (FY23) vested at 53%, in line with TLC's total shareholder return at the 51st percentile of its comparator group.

Discretionary payments. After the gateway was missed, the Board paid \$100,000 in cash to each of two executives, Mr Callum Mulvihill and CFO Mr Adam Newman, outside the STI plan. The Board cited the Victorian licence extension, cost savings 37% above target and the organisational restructure. It told us the payments recognised significant value delivered in a year when results were hit by bad luck with jackpots. It also said it took account of the ACT Keno write-down in the broader context of the year's achievements. The payments are modest, about 9% of fixed pay, and are clearly disclosed. The Board has historically used its discretion more often to reduce outcomes than to increase them. On balance ASA accepts the payments this year, but payments outside the plan should not become a regular way around the gateway.

Concerns. The framework does not fully meet ASA guidelines in these areas:

- **Sign-on payment:** Mr Pickup received a \$500,000 cash sign-on payment within 10 business days of starting, plus \$260,711 in relocation benefits, to compensate for incentives he forfeited with his previous employer. ASA raised the same issue last year. We prefer sign-on awards to be in equity vesting over three to five years with

performance hurdles, so they align the new CEO with shareholders. We understand retention of the new CEO was a consideration.

- **LTI period:** the performance period is three years, while ASA prefers at least four years. The Board told us three years is standard and that the one-year holding lock after vesting means executives effectively wait four years. ASA would prefer a longer performance period itself, particularly given that TLC's licences run for decades.
- **Benchmarking:** pay is benchmarked against the "ASX 25-75 group" without naming the peer companies or disclosing where the CEO sits in the range. ASA suggested TLC publish those details.
- **Fixed pay increase:** the CEO's fixed remuneration will rise by 6% to \$1,652,500 from 1 September 2026, less than a year into his tenure and in a year of lower profit. Other executives received no increase for FY27.

Remuneration review. The Board told us it will conduct a full review of both the STI and LTI over the coming year, with any changes effective from 1 July 2027. The review will consider how the STI should handle jackpot volatility and whether relative TSR is the right LTI measure for a business that investors see as defensive and infrastructure-like. ASA welcomes the review and asked the Board to address the concerns above. If they are not addressed, our support for future remuneration reports may be at risk. On balance, supported.

Item 4 Grant of Performance Rights to the Managing Director and Chief Executive Officer (for)

Shareholders are asked to approve Mr Pickup's FY27 LTI grant with a maximum value of \$2,478,750 (150% of fixed pay). The number of rights will be set at face value, using the five-day volume-weighted average share price. Half the award is tested on relative TSR against a comparator group based on the S&P/ASX 100, excluding certain sectors. The other half is tested on ROIC. The performance period runs for three years from 30 September 2026, followed by a one-year holding lock. There is no retesting, and malus and clawback apply.

The ROIC threshold, target and stretch levels will not be disclosed until after the performance period. The Chairman told us that because TLC's business is simple, analysts could work backwards from the targets to the company's internal plans and treat them as a forecast, which could move the share price. ASA understands this concern. However, without the targets shareholders cannot judge whether the ROIC hurdle is demanding. The grant carries the same three-year period concern discussed under Item 3. The structure is otherwise sound. On balance, supported.

Item 5 Renewal of proportional takeover provisions (for)

This special resolution renews, for a further three years, the provisions in the Constitution that require shareholder approval before a proportional (partial) takeover bid can proceed. They were last approved in 2024. The provisions protect shareholders from a bidder gaining control by buying only part of each holding without shareholders as a whole having a say. ASA supports renewing proportional takeover provisions. Supported.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY27	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.653	33%	1.653	25%
STI - Cash	0.826	17%	1.239	19%
STI - Equity	0.826	17%	1.239	19%
LTI	1.653	33%	2.479	38%
Total	4.958	100%	6.610	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.