

CO-CHIEF EXECUTIVE OFFICERS' REVIEW

We're delighted to report that, even in a challenging external environment in which consumer spending is coming under increased pressure, we succeeded in growing total National Lottery sales for the 2022/23 financial year (1 April 2022 to 31 March 2023) by £99.6 million to £8,190.3 million – the second highest annual sales total since The National Lottery's launch. As a result of this strong performance, returns to Good Causes from ticket sales alone hit an all-time high of £1,807.0 million, £6.2 million higher than last year.

It's not just the external backdrop that's been challenging. For us – and everyone at Camelot – it's been a time of change too. We were appointed Co-Chief Executive Officers in February this year, following our acquisition by the Allwyn group, to lead Camelot through its final year of operating The National Lottery – ahead of Allwyn UK taking over operations from 1 February 2024.

While we were very sorry to say goodbye to our predecessor, Nigel Railton, we were delighted to take up the post on behalf of all of our Camelot colleagues. We remain wholly committed to bringing continuity for them, as well as keeping up the momentum of the results we've delivered over the past few years. All of us at Camelot are driven by building on this performance because we know the vital difference National Lottery funding makes.

At the same time, we are continuing to support Allwyn UK on its transition plans to the fourth licence. It's an exciting time for The National Lottery and, now that we're part of the Allwyn group, it's been hugely beneficial to get to know the group's aims and ambitions. It's also helped us really bring to life to both Camelot and Allwyn UK colleagues our shared goal of ensuring The National Lottery continues to deliver for the nation – all in a safe and responsible way.

To have achieved National Lottery sales of over £8 billion in 2022/23 makes us all very proud. When you include unclaimed prizes – which are passed to Good Causes after 180 days – a total of £1,877.3 million, or an average of £36 million every week, was generated for Good Causes over the period. This takes the total raised for National Lottery projects since 1994 to more than £47 billion.

Our performance over the year also meant that £3.1 billion was once again generated for society through Good Causes, Lottery Duty – which was almost £1 billion in 2022/23 – and retailer

commission. With consumers facing significant inflationary pressure, these strong results show that The National Lottery is continuing to deliver for people, projects and communities across the UK.

And all of this continues to be done in an efficient and socially responsible way, with lots of people playing a little – almost 36 million people played National Lottery games over the period, with average weekly spend across all games and channels slightly lower than last year. The UK National Lottery is now the seventh largest lottery in the world by sales, but is ranked just 66th in the world in terms of per capita spend – underlining the ongoing effectiveness of our strategy to encourage lots of people to play but to only spend relatively small amounts.

The National Lottery also continued to transform the lives of players in 2022/23, awarding £4,694.0 million in prize money to players – up £81.7 million and the second highest-ever amount awarded – and creating 382 new millionaires, equivalent to more than one a day.

These included five EuroMillions jackpots that were scooped in the UK – with a trio of very lucky players winning prizes so big that they immediately became the UK's three biggest-ever winners. Among them were Joe and Jess Thwaite from Gloucester, who are now in second place in The National Lottery's Rich List after landing an incredible £184 million jackpot in May last year.

£3.1B

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CO-CHIEF EXECUTIVE OFFICERS' REVIEW (CONTINUED)

A strong performance from EuroMillions more generally over the period helped propel draw-based games sales to £4,739.4 million – up £91.9 million. The huge, rolling jackpot game saw 30 draws offering jackpots of over £100 million – compared with 15 the year before – driving both player excitement and sales. Lotto, meanwhile, continued to perform steadily despite seeing fewer sales-driving 'Must Be Won' draws over the period and lived up to its millionaire-maker status by awarding 134 prizes of £1 million or more.

The series of huge EuroMillions rollover draws also helped to grow sales across the Instant category, which rose by £7.7 million to £3,450.9 million – with players buying online Instant Win Games as spontaneous add-on products to go with their EuroMillions tickets. Elsewhere within the category, Scratchcard sales dipped in a reflection of people's changing shopping habits and the ongoing challenging retail environment.

With around 43,000 retail partners selling our products throughout the UK – the majority of which are independent outlets – retail remains the largest National Lottery sales channel, accounting for around 55% of all National Lottery sales. Despite tough trading conditions, in-store sales recovered slightly over the last six months to reach £4,499.6 million for the full year, as people visited stores more frequently in search of best value.

We continue to invest and support our National Lottery retail partners, with our in-store standards and rewards programme boosting National Lottery retailers' income by awarding almost £540,000 in cash rewards to independent shopkeepers over the period. Our network of National Lottery retailers also shared a total of £254.7 million in sales commission over the year, working out at around £6,000 per store. Over £7.7 billion has been paid in commission to retailers since 1994.

With 94% of the UK adult population living or working within one mile of a National Lottery terminal, we're ensuring that The National Lottery continues to be convenient to play. For example, in recent years, we've made games available at self-checkouts and for home delivery with the likes of Asda, Tesco and Morrisons, and developed bespoke solutions for new partners, such as Aldi and Iceland.

Over the course of the year, we also ran a number of initiatives to raise even greater awareness of the incredible difference that National Lottery retailers and players make by selling and buying tickets. These included campaigns to help our retail partners showcase the amount raised to date for Good Causes by their store, as well as increased in-store activity around key national moments, such as the Queen's Platinum Jubilee – all of which have further boosted The National Lottery's in-store presence.

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Another key element of the ongoing support we provide our retail partners is our 'Responsible Retailing' training programme. Although National Lottery games are very different from those offered in the wider gambling sector and are recognised as posing a very low risk of causing harm, it's crucial that we and our retail partners continue to do everything we can to prevent underage and excessive play.

To that end, in 2022/23, a record-breaking 92% of National Lottery retailers correctly asked for ID on first visits in our 'Operation 18' mystery shopper programme – demonstrating their ongoing commitment to selling National Lottery games responsibly. These best-ever results are particularly impressive given that the age to play The National Lottery only changed from 16 to 18 years of age in 2021.

Complementing 'Operation 18' were a range of other training initiatives that we ran during the year as part of our commitment to healthy play. For example, our Retail Team made over 160,000 contacts to National Lottery retailers – via phone calls, face-to-face visits and emails – to offer advice on preventing underage play and how best to support healthy play in store. Elsewhere, our 'Healthy Play' mystery shopping initiative involved over 4,000 additional store visits, helping to educate retailers on the signs of potential unhealthy play among their customers.

On digital, we saw record numbers of people – one in five UK adults – playing The National Lottery online. As a result, digital sales grew to their highest-ever level of £3,690.7 million – up £274.2 million. With over 10.7 million active registered online players, national-lottery.co.uk is one of the leading e-commerce sites in the UK.

Playing on mobile continued to be the digital channel of choice for players throughout the year, with £2,760.7 million of total digital sales coming from tablets and smartphones – up £311.3 million on the year before. Sales across the National Lottery's app – which was downloaded 2.5 million times in 2022/23 – accounted for more than 70% of all mobile sales.

Thanks to strong player retention rates, digital growth was driven by the huge EuroMillions roll series and through a number of key initiatives and innovations, including a significant update to enhance the user experience for draw-based games on the National Lottery app.

As well as working hard to support our games and sales channels, we worked closely with the wider National Lottery family – particularly the National Lottery distribution bodies – in 2022/23 to drive relevance, positivity and participation through a number of special promotional initiatives designed to showcase The National Lottery's role in national life and to thank players for their all-important contribution by bringing people together in celebration.

In May last year, The National Lottery's Big Jubilee Street Party welcomed 10,000 National Lottery ticket-holders free of charge to a live music event held at Manchester's AO Arena to mark the late Queen's Platinum Jubilee. And later in the year, an unforgettable National Lottery Christmas campaign focused on uniting people and bringing them together – much like The National Lottery itself does.

Rounding off 2022 was The National Lottery's Big Bash, which ended the year with a bang – as 8,000 National Lottery players came together at the OVO Arena Wembley to see performances from a star-studded musical line-up. And, in February this year, The National Lottery hosted its second Big Night of Musicals in Manchester, a spectacular celebration of the world of musical theatre in front of 12,000 National Lottery players, while March saw the return of National Lottery Open Week, with players enjoying free access to dozens of lottery-funded venues throughout the UK.

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As reported in previous years, The National Lottery and the vital money it raises for Good Causes continue to face pressure from the gambling sector and from 'synthetic' national lotteries, which benefit from significant taxation advantages over The National Lottery and are also able to spend a considerably higher proportion of their income on promoting their products.

This has led to a significant reduction in The National Lottery's share of voice and, combined with the significant increase in media inflation, means we're having to find and spend considerably more money just to achieve the same results – money that would otherwise have been spent on marketing initiatives designed to increase returns to Good Causes.

We therefore developed a view on the optimum level of marketing required to support The National Lottery brand and portfolio of games during the year, bearing in mind changes to both consumer behaviour and the media market, before making a proposal to the Gambling Commission for joint investment to this level.

Having secured the necessary approvals from the Gambling Commission for additional investment of £76.7 million from Good Causes, we retained and reinvested £76.1 million of this amount to enable us to carry out the additional marketing activity needed to support the long-term health of The National Lottery, having demonstrated that Good Causes will receive a strong return on this investment.

After taking into account this additional marketing investment and other adjustments, the actual amount payable to Good Causes in 2022/23 was £1,791.2 million. With Good Causes receiving a strong return on investment of 108% over the year – in other words, £2.08 for every £1 invested – this was a considerably higher sum than they would have received if we hadn't carried out the additional marketing activity.

Of course, none of what we've achieved this year would have been possible without our 1,000 employees – and their wellbeing continues to be of the utmost importance to us, particularly during this time of transition and change.

To this end, we've continued to develop new content for our internal 'Wellbeing Hub', which we launched last year. In addition, our monthly wellbeing emails are full of information to support our people, as well as details of office-based wellbeing days offering a range of activities and benefits.



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Our community of 20 Mental Health First Aiders continues to be instrumental in promoting positive mental health by leading on activities, including holding workshops on sleep, stress management and suicide prevention, as well as partnering with other employee communities from across the business, such as our Women's Network to launch our 'Menopause Mentors' initiative. The community also hosted our first-ever Financial Wellbeing Week, which focused on a range of topics, personal finance and setting SMART money goals.

Nurturing diversity and inclusion also remains an essential component in our work to promote engagement and build connections within our organisation. To help us achieve this, we provide greater support to our employee communities, empowering them to drive communication, events and initiatives throughout the year.

Over the period, we successfully established two new communities as part of this core group: the Environment Network and the Ability Network. Both are currently focused on developing agendas that address their respective primary concerns and key issues, with their objectives being to prioritise education, awareness and communication with our employees in order to create plans that serve their communities effectively.

At the same time, our existing and well-established networks – the Women's Network, Pride Network, Parents' Network, Culture Network and Mental Health First Aiders – have continued to trailblaze

and thrive, keeping inclusion at the heart of our everyday interactions.

To ensure all of this work is having the right effect, it's really important for us to gain insight into our employees' experiences and feelings about working for us. To do this, we primarily rely on employee engagement surveys. Our 2022 annual survey showed an engagement score of 90%, which matched the very high rate that we achieved in the previous year's survey and meant that we remain in the top rankings compared with other companies across the UK. We're particularly pleased with our diversity and inclusion scores, with all questions in this area improving from last year. 89% of employees feel that Camelot is a place where they can bring their whole self to work, and 96% of our people feel that we respect people's individual differences.

Over the coming year, our primary focus will be on promoting high levels of engagement and performance – including retaining our talent and experience; maintaining a continued strong emphasis on diversity, inclusion and wellbeing; and ensuring a strong focus on integrity, particularly in relation to our outgoing National Lottery licence commitments.

We strongly believe that everyone at Camelot should be able to feel the impact of the life-changing good that they make possible through their day-to-day work and to understand what The National Lottery means to people.

We aim to bring this to life through our 'Living Life Changing' volunteering programme – in which colleagues can volunteer with a cause close to their heart, many of which have received National Lottery funding. As a result of this programme, 92% of our employees felt more connected to National Lottery-funded projects, while 80% expressed pride in working for Camelot.

After running it for seven years, we are proud of what 'Living Life Changing' continues to achieve. Since it began in 2015/16, we've supported over 45 charities, contributed over 7,000 hours in volunteering and raised over £540,000 in charitable donations. These accomplishments reflect our ongoing commitment and efforts to make a positive impact on the communities and charities we support – and we were delighted to once again be awarded the Charities Aid Foundation Payroll Giving Silver Quality Mark.

Our community investment programme also stretches beyond our local community. In February 2023, in response to the devastating earthquake in Turkey and Syria, we were pleased to contribute £100,000 to *The Sun's* Earthquake Appeal to help the Red Cross provide crucial support and relief to those affected by the disaster.

Our thanks must go to everyone involved in making this another incredible year for The National Lottery and for their continued support in challenging times. To National Lottery players, who help to make the UK a better place every time they buy a ticket; to our 43,000 retail partners who are the backbone of The National Lottery and, to most

players, our public face; and to the wider National Lottery family – particularly the National Lottery distribution bodies who do such a fantastic job in making sure that funding goes to the people and projects who need it most.

And it would be remiss of us not to recognise the enormous contributions from our predecessor, Nigel Railton, as well as previous Chairman, Sir Hugh Robertson – who led Camelot so well over the last five years. We are also grateful to our new Chair, Sir Keith Mills, as well as our Board colleagues, for their continued guidance, support and encouragement as we navigate this period of transition.

Our final heartfelt thanks go to all of our colleagues at Camelot, who have once again delivered amazing results in the face of uncertainty and change. Their positivity, hard work, experience and expertise can't be overstated. They all care deeply about the future of The National Lottery and the incredible difference that it continues to make to the whole of the UK – and we are truly proud to work with each and every one of them.

Clare Swindell and Neil Brocklehurst
Co-Chief Executive Officers
22 June 2023