Camelot UK Lotteries Limited
2023/24 Annual Report & Accounts

ABOUT US

Camelot was the licensed operator of The National Lottery from November 1994 until 31 January 2024. Its mission was to change lives – not only the lives of National Lottery winners who have scooped life-changing prizes, but the lives of millions of people who benefitted from the £30 million-plus in Good Causes funding that National Lottery players raise every week.


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CHAIR'S STATEMENT

In its last year as the operator of The National Lottery – a role it successfully carried out since The National Lottery's launch in 1994 – I'm pleased to report that Camelot achieved total National Lottery sales of £6,562.6 million in the 10 trading months to the end of the third licence period on 31 January 2024.

In a year of considerable change for the company, following its acquisition by Allwyn in February 2023 and the end of its operating licence, this represented a very resilient performance. Most importantly, it meant that total returns to Good Causes over the period were £1,498.9 million – an average of over £30 million every single week.

As a result, more than £49 billion has now been raised for National Lottery projects since 1994. With more than 690,000 individual grants having been made across the UK, most people in the UK will have benefited from a National Lottery-funded project at some point.

While most of us will be aware of the world-class arts, sports and heritage projects that have been funded thanks to National Lottery players, it's important not to overlook the massive difference that The National Lottery continues to make to local communities. With around 70% of all funding grants being for £10,000 or less, The National Lottery gives thousands of small, grassroots projects a lifeline at a time when other sources of revenue are being squeezed.

With the Paris 2024 Olympic and Paralympic Games a matter of weeks away, it would also be remiss not to acknowledge the transformative effect that National Lottery funding has had on sport in the UK. Having spent much of the last 20 years involved in sport – from bidding for and then organising the London 2012 Olympic and Paralympic Games, to organising the Invictus Games and the British America's Cup team, as well as setting up a number of sport-related charities – I know first-hand the incredible difference that National Lottery funding has made to sport throughout the UK over the years.

On top of the £6.7 billion-plus in National Lottery funding that has provided vital support to grassroots sports organisations across the UK – the backbone of sport in this country – over £1.5 billion has been invested into elite sport, enabling our top sportspeople to train full time and benefit from world-class facilities, technology, coaching and support teams.

With Paris 2024 fast approaching, The National Lottery is actively supporting over 1,000 elite athletes as they look to add to the 1,000-plus medals won by Team GB and ParalympicsGB since National Lottery funding was introduced in 1997. In what promises to be another momentous year for UK sport – with our National Lottery-funded Olympians and Paralympians at the heart of it – all National Lottery players should rightly feel proud of the part they've played when they see their heroes competing this summer.

The huge amount of money raised for Good Causes by The National Lottery since 1994 and the sheer range of projects – big and small – that are using their funding to help make the UK a better place is astonishing. On behalf of the Board, I would like to thank the National Lottery distribution bodies, Camelot's 40,000-plus retail partners and, most importantly of all, National Lottery players for the vital roles that they continue to play in this remarkable UK-wide success story.

The transformational effect of The National Lottery on life in the UK is also felt far beyond the Good Causes it supports. It creates millions of winners every week across its range of games, including 303 new millionaires in 2023/24, and has now created more than 7,200 millionaires and awarded more than £94 billion in prize money since its launch in 1994.

70%
of all funding grants are for £10,000 or less

In addition, it has now delivered £21.2 billion in Lottery Duty for the Treasury – money that helps to fund public expenditure throughout the UK – and seen its thousands of retail partners, many of which are small, independent shops so vital to their local communities, earn more than £7.9 billion in sales commission since 1994.

I'm also pleased to report that these achievements continued to be underpinned by the company's commitment to selling tickets in a socially responsible way. As a responsible business, Camelot has always worked hard to ensure that National Lottery players have a positive and enjoyable experience within a safe environment, with lots of people playing but each spending relatively small amounts. The effectiveness of this long-term approach is underlined by the fact that, despite being the seventh largest lottery in the world by sales, The National Lottery is ranked just 66th in the world in terms of per capita spend.

In September 2023, the company strengthened the Board with the appointment of Simon Burke as an Independent Non-Executive Director and Chair of the Audit, Risk and Security Committee. Simon has a wealth of knowledge and insight gained from over 30 years' experience in the consumer, retail and leisure sectors, which has greatly benefited the work of the Board.

On expiry of the third licence on 31 January 2024, a number of further changes were made to Camelot's Board – with Amanda Horton-Mastin, Jennelle Tilling and Lord Sebastian Coe CH KBE (Independent Non-Executive Directors), and Clare Swindell and Neil Brocklehurst (Executive Directors and Co-Chief Executive Officers) stepping down.

I would like to thank all of the outgoing Board members for their expertise, support and important contributions during their time with Camelot. On behalf of the Board, particular thanks must go to Clare and Neil, who have both done an outstanding job of leading Camelot and its employees through this year of change.

Under Camelot's stewardship, The National Lottery has become an established part of everyday life in the UK – and, throughout the year, I was highly impressed by the commitment of everyone at Camelot to ensuring that The National Lottery's tremendous legacy continues under Allwyn UK. This was plain to see in their professionalism and enthusiasm to support Allwyn UK on its transition plans to the fourth licence, which got off to a successful start on 1 February 2024.

Preparing for the start of the new licence was an enormous project that took months of close co-operation between colleagues from across both companies. The experience, expertise and continued dedication of Camelot's employees played a key role in ensuring that the handover

40,000+
thank you to the National Lottery 40,000-plus retail partners and, most importantly of all, National Lottery players

was a seamless one – and I'm delighted that the vast majority of them are staying on at Allwyn UK. I know that these same qualities will continue to be crucial to the ongoing success of The National Lottery as it enters this exciting new chapter in its history.

Although it didn't affect the business plans that Camelot had already put in place for the year, Allwyn's acquisition of Camelot in good time ahead of the start of the fourth licence certainly helped to smooth what was a highly complex transition process, in that it enabled much closer collaboration and sharing of resources between the two companies.

Just as Camelot was, Allwyn UK is passionate about protecting, improving and growing The National Lottery – and preserving the enormous good that it does across the UK. Drawing on Allwyn's experience as one of the world's leading lottery-led operators – with successful operations across Europe and North America – it has ambitious plans to transform The National Lottery and increase returns to Good Causes over the course of the 10-year licence – with a raft of exciting initiatives to ensure that The National Lottery remains front of mind and brings people together at key national moments, starting with Paris 2024 this summer and The National Lottery's 30th birthday in November.

I look forward to seeing The National Lottery go from strength to strength over the next decade as Allwyn UK builds on the achievements of the last 30 years. I wish everyone involved with The National Lottery all the very best for the future, and am confident that they will rise to the challenges and opportunities that lie ahead to ensure that The National Lottery's success story continues.

Sir Keith Mills GBE DL
Chair
18 June 2024

CO-CHIEF EXECUTIVE OFFICERS' REVIEW

In our final review as Co-Chief Executive Officers of Camelot, we're pleased to report that the company achieved total National Lottery sales of £6,562.6 million in the 10-month trading period to the end of the third licence on 31 January 2024.

Even though total sales over the 10 months were slightly lower than the corresponding period in 2022/23, our performance was something of which we can all be proud, especially as it was achieved in a year in which the business faced a number of headwinds. These included a significant absence of rollover luck on the EuroMillions game compared with the previous year and with what we would statistically expect to see, fewer product and channel development opportunities as we neared the end of the licence, and the continuing disruption caused by the challenging macroeconomic environment.

It wasn't just the external backdrop that was challenging. For everyone at Camelot, it was a year of change and uncertainty, following our acquisition by Allwyn in February 2023 and the end of our operating licence on 31 January 2024. As well as working really hard on delivering our third licence plans to ensure that The National Lottery started the next licence in the best possible shape, many of our teams were closely involved in the huge amount of activity that resulted in a smooth and successful transition to Allwyn UK on 1 February 2024.

As a result of our resilient sales performance, a total of £1,498.9 million was generated for Good Causes in 2023/24. This equated to over £30 million every week and took the total that The National Lottery has raised for Good Causes since its launch in 1994 to more than £49 billion.

National Lottery funding has now been awarded to more than 690,000 individual projects, helping to transform lives and communities for the better across the whole of the UK. This means that almost everyone in the UK will have benefited from a National Lottery-funded project at some point in their lives. Think of the last time you visited a sports centre, a park, a museum or a theatre – the chances are it will have received National Lottery funding.

The National Lottery also continued to transform the lives of its players, awarding £3,749.8 million in prize money and creating 303 new National Lottery millionaires – almost one a day in the 10 trading months of the period. These included Richard and Debbie Nuttall, from Colne in Lancashire, who became the biggest winners to share news of their win in 2023/24 after scooping half of a massive £123.4 million EuroMillions jackpot in January 2024. The National Lottery has now awarded over £94 billion in prizes and created more than 7,200 millionaires or multi-millionaires since its launch.

Including returns to Good Causes, prize money awarded to players, Lottery Duty paid to government and the commission earned by its retail partners, The National Lottery continued to return over 94% of sales revenue to winners and society over the year – clear evidence that it is delivering for everyone in the UK.

Although we didn't benefit from anywhere near the same number of big roll series on EuroMillions this year – only 11 draws offered a jackpot of over £100 million, compared with 28 in the corresponding 10 months in the previous year – strong performance from the other games in our draw-based games portfolio – particularly Lotto and Set For Life, both of which were in growth on a like-for-like basis – saw us achieve total draw-based game sales of £3,817.7 million over the period. Excluding the impact of lower roll series on EuroMillions, this was slightly ahead of the previous year on a like-for-like basis.

The lack of rollover luck on EuroMillions also had a knock-on effect on sales across the Instants category, which totalled £2,744.9 million, 5.8% down on the previous year on a like-for-like basis. Although Scratchcard sales remained flat versus last year, sales of online Instant Win Games, which players typically buy on impulse to go with their EuroMillions tickets, suffered because of the absence of huge EuroMillions rollover draws.

£1,498.9m

was generated for Good Causes in 2023/24

Richard and Debbie Nuttall, from Colne in Lancashire, who became the biggest winners to share news of their win in 2023/24

Despite the ongoing challenging retail environment, with consumers being more cautious with their spending and shopping around more in search of best value, we achieved in-store sales of £3,587.3 million over the 10 months – a like-for-like decline of 5.5% on the previous year. With more than 40,000 retailers – the majority of which are independent outlets – selling National Lottery products throughout the UK, retail remains the largest National Lottery sales channel, accounting for 55% of all sales. As a result, our retail partners earned £203.3 million in sales commission over the period – taking the total commission they've earned since The National Lottery's launch to more than £7.9 billion.

Our sincere thanks go to all of our retail partners for their continued hard work and loyalty, especially in the face of such tough trading conditions. As passionate advocates for The National Lottery, they have played a vital part in its achievements to date and will continue to play a crucial role in its future success.

For this reason, it was hugely important that we ensured that as many existing National Lottery retailers as possible transferred their Retailer Agreements to enable them to continue trading with Allwyn UK at the start of the fourth licence on 1 February 2024. This involved a massive amount of work, and we were delighted by the high levels of engagement and co-operation we received from independent retailers – with 98% of them signing up to continue selling National Lottery products in the next licence. We're really pleased that they'll continue to make a significant contribution to The National Lottery over the next 10 years.

As well as seeing the overwhelming majority of independent retailers transfer their Retailer Agreements, we worked closely with Allwyn UK to successfully move all of The National Lottery's major multiple retail partners onto new contracts, with the exception of Post Office Limited, which decided to let its central commercial agreement with The National Lottery expire at the end of the third licence.

CO-CHIEF EXECUTIVE OFFICERS' REVIEW (CONTINUED)

98%

of independent retailers signed up to continue selling National Lottery products under Allwyn UK in the next licence

With around 4,700 Post Offices across the UK selling National Lottery products, raising vital money for Good Causes and playing important roles in their local communities, it was essential that they could continue being National Lottery retailers under the fourth licence. We therefore worked very closely with Allwyn UK in adopting a flexible approach, which took into account factors such as trading history and length of service, to make sure that as many of them as possible signed new contracts with Allwyn UK – enabling them to partner directly with The National Lottery for the very first time.

As a result of the tireless work of everyone involved in this huge and complex project, we're pleased to report that over 80% of Post Offices moved across to the fourth licence and are continuing to sell National Lottery products under Allwyn UK.

Throughout all of this activity, we continued to invest in and support our National Lottery retail partners through our dedicated retailer website, the National Lottery Retailer Hub, which gives retailers quick and easy access to information and advice, and initiatives such as our innovative in-store standards and rewards programme, 'Site, Stock, Sell', which helps retailers to improve their display and merchandising. This alone boosted our retail partners' income over the year by awarding over £400,000 in cash rewards – over and above their usual sales commission payments – to independent retailers.

With sales of £2,975.3 million over the 10 months, our digital channels accounted for 45% of total National Lottery sales. This was slightly higher than over the corresponding period a year earlier despite lower EuroMillions sales as a result of the relative scarcity of big rollover draws and the impact this had on sales of online Instant Win Games.

Mobile continued to be the digital channel of choice for National Lottery players, resulting in sales of £2,254.2 million. As part of this total, we grew sales through the National Lottery app to £1,687.6 million, thanks to our work to continually improve the customer journey and experience – and app sales ended the period accounting for 75% of all mobile sales.

Our online player engagement in 2023/24 also remained very healthy and we continued to maintain player growth across our digital channels, through strong acquisition activity and retention of players, particularly on the app which we featured more prominently in marketing activity. As a result, we grew The National Lottery's active digital player base to its highest-ever level of 10.75 million players, underlining national-lottery.co.uk's status as one of the top e-commerce sites in the UK.

Importantly, our sales performance over the year was once again underpinned by our longstanding commitment to selling tickets in a socially responsible way, which saw lots of people playing a little last year. The fact that The National Lottery is ranked just 66th in the world in terms of per capita spend, despite being the seventh largest lottery in the world by sales, underlines the ongoing effectiveness of our approach in this area.

Even though National Lottery games are recognised as posing a very low risk of causing harm, it was crucial that, because of The National Lottery's scale and reach, we continued to do everything we could to keep our players safe by preventing them from playing too young or too much.

We therefore carried out a wide range of work over the period across our retail and digital channels aimed at promoting healthy play. This saw us continue to offer practical support and training to our 40,000 retail partners, who have all been fully trained on preventing underage play and reducing excessive play.

10.75m

The National Lottery's active digital player base grew to its highest-ever level in 2023/24

We test retailer awareness of, and compliance with, their responsibilities in these two key areas, and this year's impressive results underlined their ongoing commitment to selling National Lottery games responsibly: 91.3% of retailers correctly asked for ID as proof of age on the first visit as part of our underage mystery shopper programme, 'Operation 18', while 96% of retailers successfully passed a healthy play knowledge check, which enables us to assess their knowledge of the healthy play tools that we make available to support players and the effectiveness of our training programme.

Online, the number and proportion of at-risk players remained at historically low levels since the introduction in 2019 of our behavioural analytics model, which monitors various play behaviours to help detect such players. We continued to work to support those identified as being at-risk by using a series of healthy play interventions to encourage a positive change in how they play. As part of this programme, we have a team dedicated to making telephone calls to at-risk players – encouragingly, 1,294 players made changes to their online spend and/or play limits during the year as a result of a call from this team.

Our performance this year also built on the recent legacy of strong brand health and stakeholder support for The National Lottery through our work to reinforce its unique purpose with play. As part of this, we worked closely with the National Lottery distribution bodies and other key partners to drive relevance, positivity and participation through a number of initiatives designed to highlight the huge benefits that The National Lottery brings to the UK and to recognise players for their all-important contribution.

In May, we hosted The National Lottery's Big Eurovision Welcome, an outdoor concert attended by 20,000 players in the centre of Liverpool and watched on television by three million people, that celebrated The National Lottery's crucial and longstanding support for music, cultural and community projects across the city and the wider UK. The same month, The National Lottery also supported communities across the UK to hold street parties and get togethers to celebrate the King's Coronation.

December saw the return of The National Lottery's Big Bash, a star-studded concert for 8,000 National Lottery players which was also broadcast on ITV on New Year's Eve, that brought together some of the biggest artists in the music industry for some show-stopping performances and one-off collaborations, and celebrated the extraordinary people and the amazing difference they have made thanks to National Lottery funding.

CO-CHIEF EXECUTIVE OFFICERS' REVIEW (CONTINUED)

We ended the licence in style in January with The National Lottery's Big Night of Musicals, which once again brought together the biggest shows from the world of musical theatre for a spectacular celebration in front of 12,000 National Lottery players in Manchester, with a further three million people watching on BBC1.

Our brand-led marketing approach was also a key driver of our performance in 2023/24, and saw us launch 'Pockets', a brand new National Lottery campaign that brought to life a couple's enduring love and sense of hope over three decades, from 1994 – the year of the first-ever Lotto draw – to the present day, and featured The National Lottery's distinctive pink Lotto ticket at the heart of the couple's story.

We also delivered a Christmas campaign with unmissable scale, maximum emotion and festive focus as part of our work to take The National Lottery into the fourth licence in the best possible brand health. This saw the return of our award-winning Christmas ad, 'Love Story', that celebrated the magic of hope and possibilities that abound at this special time of year, as well as two special sales-driving 'Must-Be-Won' Lotto draws on Christmas Eve and New Year's Eve, festive Scratchcards and a record-breaking £200 million-plus EuroMillions jackpot draw. Reaching 99% of UK adults, the entire campaign succeeded in making sure that The National Lottery remained relevant and unmissable.

As reported in previous years, The National Lottery and the vital money it raises for Good Causes continued to come under pressure from the gambling sector and from 'synthetic' national lotteries, which are able to spend a considerably higher proportion of their income on promoting their products.

As a result, in order to maintain The National Lottery's 'share of voice', we've had to find and spend considerably more money just to achieve the same share – 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, we retained and reinvested £70.5 million from Good Causes 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 would 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 2023/24 was £1,428.4 million. With Good Causes receiving a strong return on investment of 62%* over the year – in other words, £1.62 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.

After having operated The National Lottery for almost 30 years, our last year as operator was, naturally, a time of transition and change for everyone at Camelot. The continued wellbeing of our people was therefore a priority for us and we carried out a range of activities – including holding special wellbeing days and developing new content for our internal 'Wellbeing Hub' – to look after and meet their needs, and to enable them to continue delivering work that changes lives for the better across the whole of the UK.

* The percentage quoted is the anticipated value to be realised, based on the business case for investment.

We also continued to build on our diversity and inclusion progress to date by providing further support to our network of employee communities, empowering them to drive communication, events and initiatives throughout the year. We're pleased that our existing communities – the Women's Network, Ability Network, Pride Network, Parents' Network, Culture Network, Environment Network and Mental Health First Aiders – have continued to thrive, keeping diversity and inclusion at the heart of our everyday interactions, and helping to ensure that everyone can be themselves at work.

In addition, we continued our ongoing programme of engagement surveys to enable us to monitor and measure engagement levels across the business. We're really pleased to report that we achieved an overall engagement score of 89% in our 2023 annual engagement survey. This was an outstanding result and meant that we remained in the top rankings compared to other companies across the UK. With our highest-ever participation rate of 91%, it also gave us confidence that the results provided an accurate indication of how people were feeling.

One of our most important tasks during the year involved supporting our people through the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) process, as they transferred their employment from Camelot to Allwyn UK on 1 February 2024.

Led by the third and fourth licence Executive Teams, and supported by our People Team, the Employee Forum and a team of dedicated TUPE employee representatives voted for by their peers, our departmental consultation sessions were attended by almost 1,000 people – virtually everyone in the business – and were invaluable in giving everyone a clear understanding of what the transfer meant for them.

As a result of this truly companywide effort, we're delighted that 99% of people chose to transfer to Allwyn UK. As part of its plans for the new licence, Allwyn moved to a new distribution centre in Warrington meaning the closure of our Northampton site. We would like to thank the team at Northampton for their professionalism, hard work and many years of fantastic service to The National Lottery.

Having been appointed Co-Chief Executive Officers in February 2023, we feel extremely privileged to have been given the opportunity to lead a company that, through its operation of The National Lottery, has had such an enormously positive impact on the lives of people and communities across the whole of the UK.

But none of what we've achieved this year would have been possible without all those involved in making The National Lottery such a fantastic success story – and we would like to extend our sincere thanks to all of them for their unwavering support.

To our players, who help to transform the UK every time they buy a ticket; and to our 40,000-strong network of retail partners, who, despite being under pressure themselves, are incredible advocates for The National Lottery and, to most players, our public face.

To the wider National Lottery family – particularly the National Lottery distribution bodies – that do such an outstanding job in prioritising funding for the people and projects who need it most. And to our Chair, Sir Keith Mills, and Board colleagues for their continued guidance, encouragement and support throughout the year. Our thanks too to those members of our Executive Team who left the business at the end of the licence for their significant contributions.

It was with great sadness that we learned that Keith Moor, our Chief Marketing Officer, passed away in August after being very unwell for some time. Keith made an enormous contribution since joining Camelot in 2019 and was deservedly recognised as *Marketing Week*'s Marketer of the Year in 2021. But he was much more than a brilliant and highly respected marketer. He was a friend, team-mate, mentor and inspiration to all of us, and he will be greatly missed.

Last but not least, we would like to pay tribute to all of the fantastic people we've worked with across the business. They have once again risen to the challenges they've faced and delivered outstanding results over what was a year of significant change. Their expertise, experience and commitment played a crucial role in ensuring that the transition to Allwyn UK on 1 February was smooth and successful, with The National Lottery able to start the next licence in the best possible shape.

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 country. The immense pride they take in the life-changing good that they make possible through their day-to-day work is plain to see – and this will be a real asset to Allwyn UK over the next 10 years. We are genuinely proud to have worked with each and every one of them, and we wish them – and Allwyn UK – all the very best for the future.

Clare Swindell and **Neil Brocklehurst**
Co-Chief Executive Officers
18 June 2024

NATIONAL LOTTERY GOOD CAUSES

Every time somebody plays The National Lottery, they help to make the UK a better place. That's because, for every ticket sold, a portion of the money received benefits a huge variety of Good Cause projects that make a real difference to the lives of people and communities the length and breadth of the UK.

As well as helping to fund truly world-class arts, sports and heritage projects, The National Lottery makes a massive difference at a local level. With around 70% of all funding grants being for £10,000 or less, The National Lottery gives small, grassroots community projects a lifeline at a time when other sources of revenue are being squeezed. While not as high profile as some of the larger awards, these smaller grants have a huge impact locally.

OUR PERFORMANCE IN 2023/24

Our sales performance from 1 April 2023 to 31 January 2024 saw us generate a total of £1,498.9 million for Good Causes over the period – an average of more than £30 million every week. This takes the total that The National Lottery has raised to date for Good Causes to over £49 billion. With more than 690,000 individual grants having now been made across the UK, most people will have benefited from a National Lottery-funded project at some point.

Including prize money, the commission earned by our retail partners and the Lottery Duty paid to the government, The National Lottery continued to return over 94% of all sales revenue to winners and society in 2023/24 – clear evidence that is delivering for everyone in the UK.

*For further information about projects awarded National Lottery funding or to apply for funding, please visit **national-lottery.co.uk/life-changing** and **lotterygoodcauses.org.uk/funding***

HOW MONEY FOR GOOD CAUSES IS ALLOCATED

Although we are responsible for generating returns to Good Causes by selling National Lottery tickets, we play no role in the allocation of funding. This is the specific responsibility of 12 National Lottery distribution bodies, each with specialist knowledge of their sectors. These bodies are chosen by Parliament for their expertise to help ensure the money goes exactly where it's needed:

Arts

Arts Council England
Arts Council of Northern Ireland
Arts Council of Wales
British Film Institute
Creative Scotland

Community

The National Lottery Community Fund

Heritage

The National Lottery Heritage Fund

Sport

Sport England
Sport Northern Ireland
sportscotland
Sport Wales
UK Sport

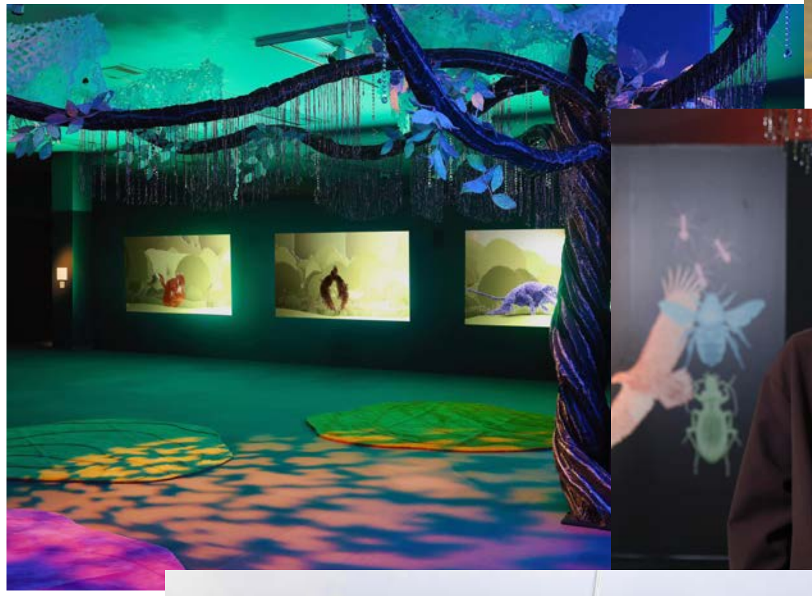
All of the income raised for Good Causes from ticket sales is paid by us into the National Lottery Distribution Fund and then allocated to the distribution bodies according to a formula set by the Department for Culture, Media & Sport.

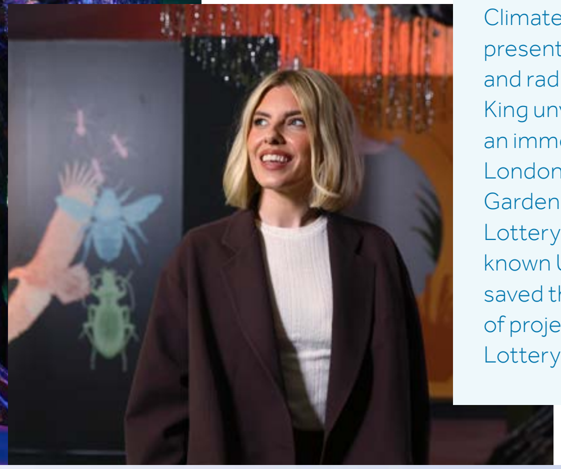
In the year to 31 January 2024, the money generated for Good Causes was allocated as follows:

20% Arts	40% Community (including health, education, environment and voluntary/charity)	20% Heritage	20% Sport

ENRICHING THE LIFE OF THE UK

From bringing communities together, supporting the most vulnerable and disadvantaged in society, and protecting the environment to preserving the nation's heritage, helping young people to thrive, and playing an instrumental role in the making of Olympic and Paralympic champions, thousands of inspirational organisations are doing extraordinary things – week in, week out – across the UK with the help of National Lottery funding. Here are just a few examples:





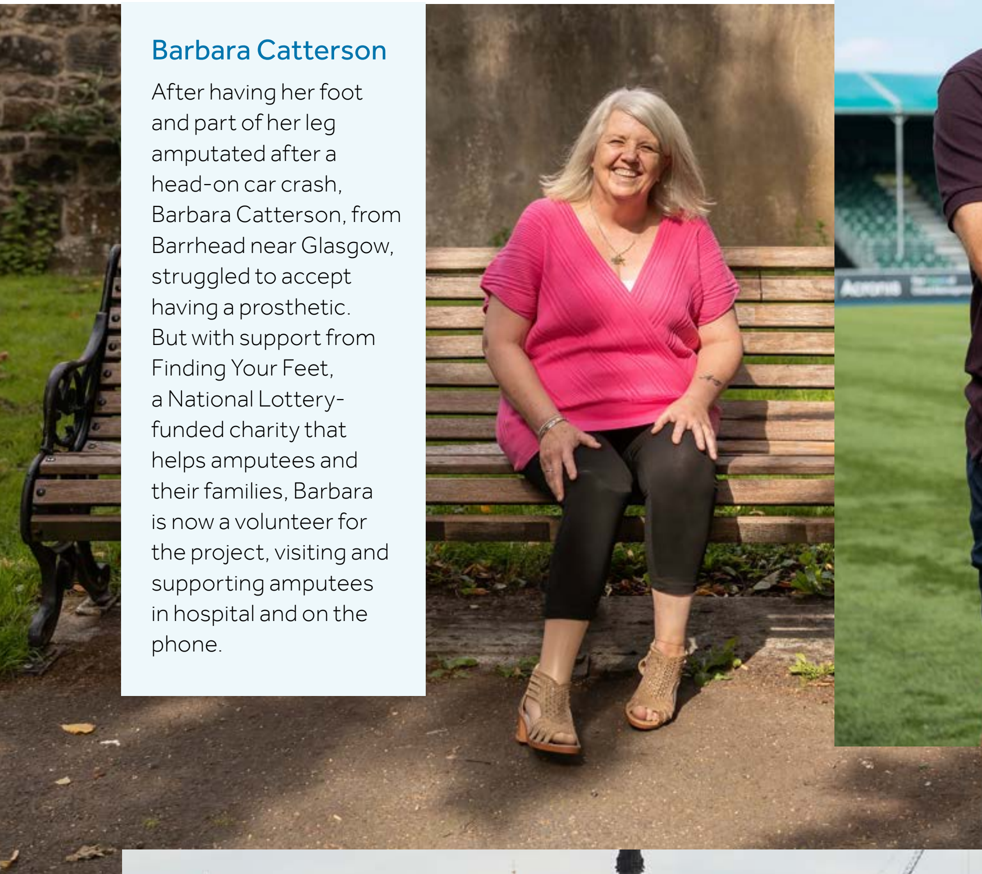
Habitats of Hope

Marking the start of this year's UN Climate Change Conference, TV presenter and scientist Liz Bonnin and radio and TV presenter Mollie King unveiled 'Habitats of Hope', an immersive exhibition at London's Horniman Museum and Gardens created by The National Lottery celebrating the lesser-known UK species that have been saved through the incredible work of projects run by various National Lottery-funded organisations.

Windrush

To mark Black History Month and the 75th anniversary of Windrush, singer and presenter Scarlette Douglas unveiled a symbolic wireframe recreation of HMT Empire Windrush at Tilbury Docks, the port where the ship docked. With support from The National Lottery, the installation reflects upon and celebrates the huge contribution made by Windrush pioneers and their families across the UK.

ENRICHING THE LIFE OF THE UK (CONTINUED)



Barbara Catterson

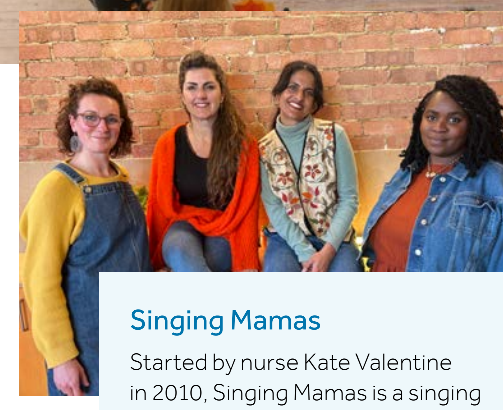
After having her foot and part of her leg amputated after a head-on car crash, Barbara Catterson, from Barrhead near Glasgow, struggled to accept having a prosthetic. But with support from Finding Your Feet, a National Lottery-funded charity that helps amputees and their families, Barbara is now a volunteer for the project, visiting and supporting amputees in hospital and on the phone.

Grassroots Rugby

As part of a celebration of grassroots rugby and ahead of key matches during this year's Rugby World Cup, The National Lottery partnered with rugby greats from across the four nations – including Matt Dawson MBE – to showcase the impact of National Lottery funding on local clubs and to highlight their role in shaping the star players of the future.

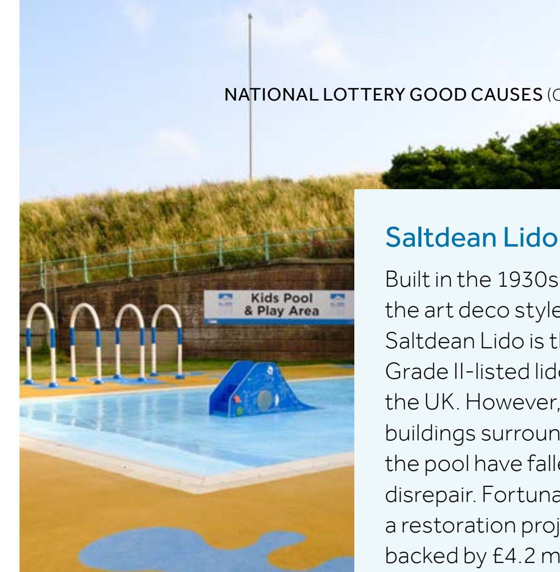
Walk of Stars

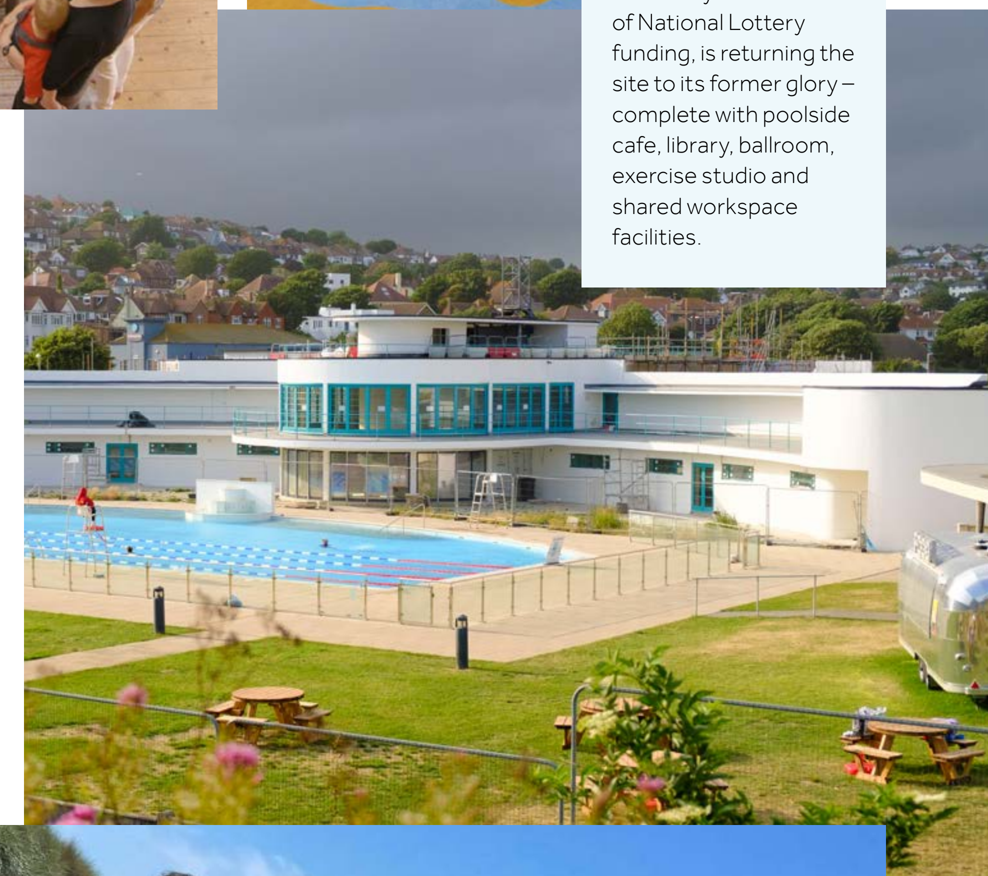
Filmmakers Gurinder Chadha OBE and Charlotte Regan were among the leading lights of the UK film industry celebrated by a 'Walk of Stars' unveiled on London's South Bank. Created by The National Lottery in partnership with the BFI, the 'Walk of Stars' shines a light on both established and rising stars in the industry who have been supported by National Lottery funding.



Singing Mamas

Started by nurse Kate Valentine in 2010, Singing Mamas is a singing group where mothers can bring their little ones. Since then – and with the help of National Lottery funding – the Singing Mamas network has spread across the UK and now partners with the NHS as a form of social prescribing, with women referred to it to combat postnatal depression and anxiety.





Saltdean Lido

Built in the 1930s in the art deco style, Saltdean Lido is the only Grade II-listed lido in the UK. However, the buildings surrounding the pool have fallen into disrepair. Fortunately, a restoration project, backed by £4.2 million of National Lottery funding, is returning the site to its former glory – complete with poolside cafe, library, ballroom, exercise studio and shared workspace facilities.

Wave Wahines

Championing women and girls from all backgrounds, inspirational Devon-based surf club Wave Wahines has become a voice for diversity and inclusion, encouraging a wave of change within the surf community. With the help of National Lottery funding, the club offers a varied programme and sessions for all age groups – and recently welcomed its first cohort of girls from resettled Syrian families.

OUR WINNERS

"It's crazy to think that just five weeks ago, we had been looking to downsize to a small bungalow to live out the next few years. We even found one nearby that needed a lot of work and were considering an offer. Now we are very much upsizing, with plenty of land for Debbie and the dog to enjoy. Our lives are going to be so different. We have worked hard all our lives and we are now very much looking forward to taking life a bit easier. But not just that, this win will also change the lives of those closest to us, and hopefully the next generation after that too."

Richard Nuttall

The National Lottery creates millions of winners a week across its range of draw-based and instant play games – and, on average, around 30 millionaires every month. Since its launch in 1994, it has awarded over £94 billion in prize money to players and created more than 7,200 millionaires or multi-millionaires who, between them, have shared an incredible £18.8 billion.

OUR PERFORMANCE IN 2023/24

The National Lottery continued to transform lives between 1 April 2023 and 31 January 2024, with 623 players – including 303 new millionaires – winning a prize of £50,000 or more and sharing more than £816 million between them. In total, The National Lottery awarded £3,749.8 million in prize money to players over the period.

Builders once again topped the list of luckiest professions, ahead of teachers. These were closely followed in equal third spot by care/social work/charity workers, drivers, health service employees and engineering/manufacturing workers. Meanwhile, Gemini was the luckiest star sign over the period, followed by Virgo and Cancer.

The biggest UK winner during the 10 months was an anonymous ticket-holder who won a huge EuroMillions jackpot of £111.7 million in June – one of seven EuroMillions jackpots won in the UK over the period.

The largest winners to share news of their win were Richard and Debbie Nuttall, who won half of a massive £123.4 million EuroMillions jackpot in January 2024. With £61.7 million in the bank, the couple, from Colne in Lancashire, are now looking forward to life as multi-millionaires and sharing their good fortune with family and close friends.

They also plan to continue to support a charity that is particularly close to their hearts. BK's Heroes, which aims to raise awareness of and funding for research into the prevention and treatment of brain cancer and kidney disease, was set up in memory of Debbie's cousin, Ben King, who was just 27 when he died of a rare condition, Tubular Interstitial Nephritis and Uveitis.

MEET SOME OF THE YEAR'S OTHER WINNERS...

UK EuroMillions players weren't the only ones to strike it lucky this year. With the equivalent of more than one new National Lottery millionaire being created every single day in 2023/24, there were plenty of others – here are just a few:

Supermarket delivery driver Jonny Johnston and his partner Christina Williams, from County Fermanagh, celebrated after winning a life-changing £3.8 million Lotto Jackpot just days before Christmas. As well as using their new-found wealth to provide financial security for their family, the couple and their three adult children are looking to enjoy some well-deserved leisure time together, including their first-ever foreign family holiday.

After a chance encounter with two money spiders one Thursday at home last August, Lotto player Doris Stanbridge, from Dorking, was prompted to try her luck on a different game – and ended up winning that night's Set For Life top prize of £10,000 every month for 30 years. The win meant she could join husband Keith in retirement, help out loved ones and have some fun.

Part-time Assistant General Manager, Neil Leighton from Hereford had a December to remember after revealing the £1 million top prize on The National Lottery's 'Cash Bolt Christmas Millionaire' Instant Win Game. Having been fascinated by steam trains since the age of three, Neil is now one step closer to buying his own home – and perhaps even his very own steam train.

Christmas came early for a 13-strong syndicate of staff at Ye Olde Bell Hotel in Retford after they won £1 million in the EuroMillions UK Millionaire Maker in November. The group of waiters, office, maintenance and spa staff planned to celebrate with an extra-special, traditional post-Christmas party and were looking forward to a stocking full of yuletide treats, including a trip to Lapland.

Steve Goodwin, from Holsworthy in the heart of Devon, ended up winning a top prize of £1 million on The National Lottery's 'Bank The Cash' Scratchcard on Easter Monday after nipping to the supermarket to simply buy some bread. Having rented all of their lives, bus driver Steve and his clockmaker girlfriend Heidi Hammond will be buying their first-ever home.

"If someone had told me two weeks ago I would be in a position to own a steam train I'd have laughed, but then if someone had told me I'd be a millionaire I'd also have laughed – just goes to show, magic can happen!"

Neil Leighton

DOING BUSINESS RESPONSIBLY

As the steward of The National Lottery, we cared about the way in which we operated and were committed to doing business responsibly – with integrity underpinning everything we did.

CORPORATE RESPONSIBILITY FRAMEWORK

Our Corporate Responsibility framework set out five key areas of activity, with a priority focus on healthy play:

- **Safe and healthy play:** to be the safest place to play and to promote healthy play;
- **People:** to advance activities focused on inclusion and diversity, gender pay gap, retaining talent and development of employees;
- **Community investment:** to connect employees with the wider societal impact of National Lottery-funded projects through our 'Living Life Changing' programme;
- **Supply chain:** to ensure we have a clear view of our suppliers, and follow best practice on how and where we responsibly procure products and services, as well as making prompt payments to suppliers; and
- **Environment:** to raise internal awareness and demonstrate a credible understanding of our environmental impacts with appropriate supporting programmes, strategies and reporting practices.

Safe and Healthy Play
- Be the Safest Place to Play
- Promote Healthy Play

People
- Diversity and Inclusion
- Talent, Engagement and Development

Community Investment
- Employee Volunteering
- Charitable Giving

Supply Chain
- Modern Slavery Act
- Prompt Payment

Environment
- Energy, Waste and Consumption
- Raising Internal Awareness

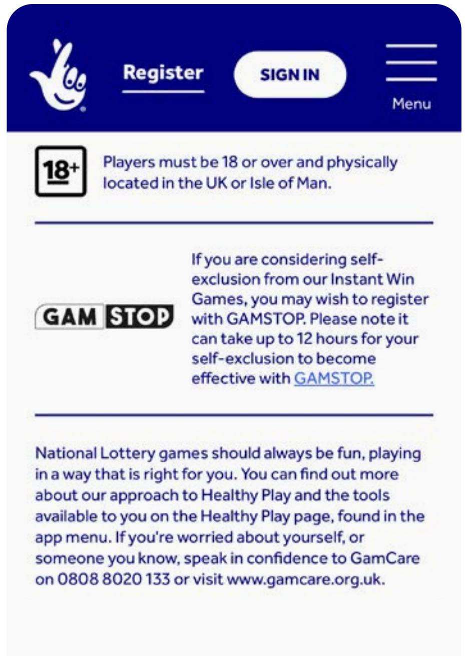
91.3% of retailers correctly asked for ID as proof of age on the first 'Operation 18' visits that we conducted

HEALTHY PLAY STRATEGY

We know that amazing things happen when lots of people play a little – so, with around 28 million UK adults routinely playing one or more National Lottery games throughout the year, encouraging healthy play was at the heart of everything we do.

Our healthy play strategy, which focused on being the safest place to play and promoting healthy play, was delivered through four key areas:

- **Player**: to identify and prevent underage players from accessing National Lottery products, and to detect and interact with at-risk players to minimise unhealthy play;
- **Product:** to design games that are lower risk and don't have a particular appeal to vulnerable groups, or those underage, through a rigorous game design process;
- **Place:** to create controlled play environments, online and in retail, and to promote healthy play behaviours to all players; and
- **Leadership**: to take a leading role in advancing healthy play practices.



Player

The safety of our players was of the utmost importance, and we took seriously our commitments to prevent the sale of National Lottery products to minors, and to identify and interact with at-risk players.

Our 40,000+ retail partners have been trained on preventing underage play and supporting healthy play. We tested these responsible retailing pillars through our 'Operation 18' and healthy play mystery shopper programmes. This year, of the 9,720 'Operation 18' visits that we conducted, 91.3% of retailers correctly asked for ID as proof of age on the first visit, surpassing our 90% target. In addition, we completed a total of 3,346 healthy play mystery shopper visits.

Players registering for an online National Lottery account must have passed an identity and age verification check by Experian. If the checks were unsuccessful, the account would not be verified, preventing the person from accessing any National Lottery products online.

With over 10 million active registered online players, encouraging healthy play was critical. This year, we saw players make over 185,000 changes to online spend and play limits after receiving a healthy play communication from us. We also contined to use a behavioural analytics model to identify if a player was at-risk of playing excessively. We sent targeted communications and proactively called these players to encourage a positive change in behaviour. This year, 1,294 players reduced their spend and/or play limits while on an intervention call.

HEALTHY PLAY STRATEGY (CONTINUED)

Product

We designed games that were both fun and lower risk through our robust 'Responsible Game Design Process'. In addition to review by our Game Risk Action Evaluation Team – a cross-functional group that brings together expertise from across the business – we used three tools to assess a game's risk:

- GamGard, a tool which assessed a game's structural and situational characteristics, such as the top prize on offer;
- Asterig, a tool which measured the potential dimensions of risk in a game by assigning numeric scores; and
- A Risk Checklist, which considered risks posed by the design characteristics of a game, such as underage appeal.

If any of these tools indicated that the risk level of a game was too high, we revised the game to lower the risk. If the risk continued to be too high after revisions, we didn't launch the game.

Year	2019/20	2020/21	2021/22	2022/23	1 Apr 23 – 31 Jan 24
Games that went through the Responsible Game Design Process	182	146	127	153	**54***

* Number of games was lower due to new games going through Allwyn UK's game design process

96%
of retailers successfully passed a healthy play knowledge check

Place

Our 'Being a Responsible Retailer' training programme helped to ensure that The National Lottery remained the safest place to play. Knowledge checks enabled us to assess the effectiveness of the programme and we were proud that we exceeded our 90% target, with 96% of retailers contacted during the year successfully passing a healthy play knowledge check.

We wanted people to play in a way that was right for them, so encouraged our online players to use the healthy play tools designed to help them manage their play – from setting limits to taking breaks.

Year	2019/20	2020/21	2021/22	2022/23	1 Apr 23 – 31 Jan 24
Unique players who used one or more healthy play tools	310,636	536,998	481,698	563,638	**550,451**

Leadership

We have always been dedicated to taking a leading role when it comes to healthy play and aligning with best practice. We continued to hold European Lotteries' Responsible Gaming Certification, as well as the highest level of the World Lottery Association's Responsible Gaming Standard – and were also accredited at Level Two of GamCare's Advanced Safer Gambling Standard.

Working in Partnership

Through established partnerships and collaboration with others – such as academics and experts, The European Lotteries, The Word Lottery Association and GamCare – we continued to share experiences and expand our thinking.

SAFER GAMBLING STANDARD

COMMUNITY INVESTMENT

We have always wanted all of our employees to feel connected to the Good Causes that they support through their day-to-day work operating The National Lottery. Our community investment programme, 'Living Life Changing', gave employees the opportunity to connect to Good Causes, communities and charities important to them through:

- volunteering for up to two days a year
- making donations through Give As You Earn
- increasing their fundraising donations through matched funding**
- increasing their Give As You Earn donations through matched giving**

** Up to £500 per year combined

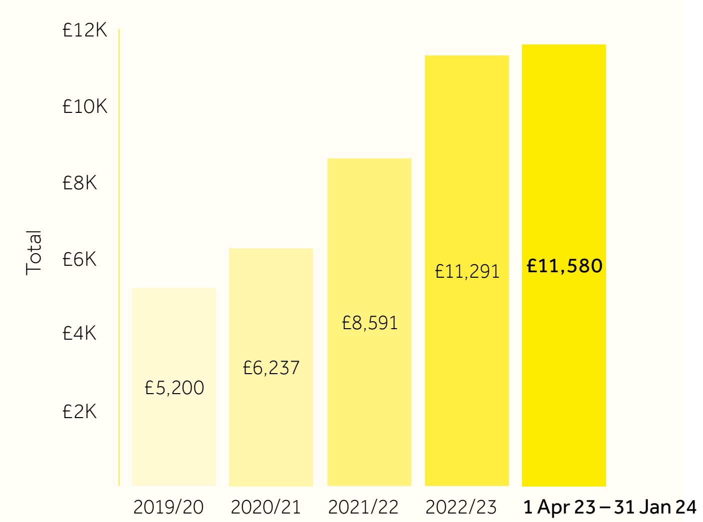
Employees could also give back to the local community through our longstanding partnerships with three National Lottery-funded charities:

- Watford Mencap, which works with people with learning disabilities, as well as their families and carers, to encourage them to achieve equal opportunities and be valued as members of society;
- Peace Hospice Care, which works to support and empower patients to achieve the best quality of life possible, through community work and at the hospice; and
- The Conservation Volunteers, whose mission is to create healthier and happier communities by connecting people and green spaces to deliver lasting outcomes for both.

Over the year, our employees volunteered in various ways – from hosting a King's Coronation party and joining a 'Colour Run' for The Peace Hospice, to decorating and gardening for Watford Mencap and helping to maintain green areas across the UK for The Conservation Volunteers.

We were also pleased to re-introduce food bank donation collections in our Watford office during the year, an initiative which saw our employees donate 90kg of food and non-food items to our local food bank.

Volunteering	2019/20	2020/21	2021/22	2022/23	1 Apr 23 – 31 Jan 24
Hours	2,052	N/A due to Covid-19	1,240	2,543	**1,093**
Matched Funding					
Total	£89,777	£39,095	£77,035	£89,990	**£56,171**



Give As You Earn and matched giving

tCO2e 1,268

1 Apr 23 – 31 Jan 24

Year	1 Apr 23 – 31 Jan 24	
Activity	Energy (kWh)	Emissions (tCO_2e)
Scope 1 Total	2,410,736	535
Natural Gas	565,754	103
Company Cars	1,841,891	431
Diesel	3,091	1
Scope 2 (**Location-Based only**) Total	2,702,440	560
Electricity (**Location-Based**)	2,702,440	560
Electricity (Market-Based)	2,702,440	430
Scope 3 Total	612,866	173
Transport (hired/employee owned vehicles)	202,588	50
Business Travel – air, rail, taxis and hotel stays	410,279	120
Emissions associated with water supply	-	4
Total	5,726,042	1,268
Emissions per £million of gross ticket sales (tCO_2e)		0.19
Water (m3)		20,513

ENVIRONMENTAL IMPACT

Reducing our environmental impact remained a focus and we carefully assessed our environmental footprint, identifying opportunities for positive action and minimising negative ones.

Our Total Carbon Footprint

This year, we continued to work towards better alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as the recommendations made from the assurance of previous years reports. As a result of an ongoing project to enable us to expand our datasets, we were now able to include rail, taxis, hotel stays, diesel from back-up generators and emissions associated with water supply. Reporting this way demonstrated our commitment to transparency and accountability in measuring our environmental impact

Quantification and Reporting Methodology

We took guidance from the UK government's Environmental Reporting Guidelines (March 2019), the Greenhouse Gas (GHG) Reporting Protocol – Corporate Standard, and the UK government's GHG Conversion Factors for Company Reporting (2023) document for calculating carbon emissions. For supplies where there was not complete 12-month energy usage data available, flat profile estimation techniques were used to complete the annual consumption. Electricity, gas and water usage for one of our London sites was calculated according to the area of office space that we occupied.

Scope 2 market-based emissions reporting is disclosed as TCO_2 (and not CO_2e), as carbon emission factors from the Energy Suppliers 'Fuel Mix' are provided as g/CO_2. As there was limited availability of emissions factors for hotel stays in several territories, we utilised emissions factors for the nearest country. For example, there were no emissions factor available for Austria, therefore we used the factor for Germany. Diesel usage from our emergency back-up generators (subject to planned testing) was estimated by calculating the total capacity of tanks and the approximate percentage fuel used.

Scope 3 transport mileage data was obtained from expense claims. A small amount of data was excluded as there was limited reporting available due to the privacy of journeys – for example, for usage within our Winners' Advisors and Security Teams. Business travel – such as air, rail and taxi – were sometimes recorded via the company expense claim system; these have been excluded due to limited data available, meaning we are not able to accurately calculate emissions. However, business travel that was booked via our third-party corporate travel booking company has been included as we are provided with more detailed data, including mileage associated with each journey. For the purpose of Streamlined Energy and Carbon Reporting (SECR), conversions of $kgCO_2e$ to kWh for air and rail travel was calculated by using emission factors for aviation fuel and diesel, respectively, sourced from the UK government's GHG Conversion Factors for Company Reporting (2023).

Water usage for some of our sites was taken from a combination of both invoicing and metre readings. Water usage for our Watford sites was estimated using water consumption figures from 2022/23.

Beryl Bikes Partnership

We were immensely proud of our sponsorship of Watford Borough Council's 'Beryl Bikes' scheme for the past three years, which finished on 29 September 2023. By promoting cycling to and from our Watford head office among our employees, we contributed towards reducing carbon emissions in the Watford area. Between 1 April and 29 September 2023, 157,315km were taken using Beryl Bikes, saving 5.9 tonnes of CO_2 throughout the town.

SUSTAINABLE SUPPLY CHAIN

Our ability to foster transparent and mutually beneficial relationships with our supply chain partners played a key role in sustaining our ongoing success.

Over the course of the reporting period, we worked with 472 suppliers. Our Procurement Team continued to collaborate with functional teams, supporting relationship managers in sourcing and onboarding suppliers who met business needs, and conducting due diligence for both the onboarding and offboarding of suppliers.

In April 2021, Camelot became a signatory to the Prompt Payment Code, allowing small businesses with fewer than 50 employees to receive improved payment terms for better liquidity. Since then, we've committed to paying 169 of our suppliers (35% of our supply base) on terms that exceeded our standard payment terms. In 2023/24, we processed a total of 9,195 invoices and complied with the Prompt Payment Code guidelines for supplier payment performance.

Every year, we've conducted a 'Supplier Conduct Review' with select suppliers, who were chosen based on the services they provided to us. The review aimed to evaluate our suppliers' business practices and assess their potential impact on our players and employees, from a corporate and social standpoint. Between 1 April 2023 and 31 January 2024, the 'Supplier Conduct Review' was completed by 12 suppliers, with the average pass score of 78%.

We actively monitored our supply base for signs of modern slavery and distributed our annual modern slavery questionnaire to a targeted group of suppliers. This group was chosen based on their criticality to our operations, spending levels and reliance on labour-intensive services. Of the 16 suppliers that completed the questionnaire, we are pleased to report that all organisations who met the turnover criteria of £36 million or more pursuant to Section 54 of the Modern Slavery Act 2015 were found to be in compliance with the Modern Slavery Act.

SUPPORT FOR WINNERS

Our Player Services Team was responsible for paying prizes to all high-tier prize-winners of £50,000 or more and supported the winners as they came to terms with their new-found wealth.

During the year, the team continued to provide high-tier winners with the very best care and support. We offered all of the 303 millionaires that were created a range of support provided by external partners, including private banking, financial advice, legal advice, wellbeing services and access to a concierge company.

Winning large sums of money can be daunting and winners can find themselves in an unfamiliar world of wealth. It was therefore essential that we ensured that those winners were offered guidance to help them make informed choices.

Throughout the year, we arranged 220 advisory sessions for winners of over £1 million, in which we provided them with a range of financial and legal advice. We also encouraged the winners to have an initial conversation with our Wellbeing Team to explore how coaching and/or mindfulness could be beneficial to them. Of these winners, 51 went on to opt for a series of complimentary coaching and mindfulness sessions. In addition to this, we held bi-monthly virtual group sessions, which saw 22 of our £1 million-plus winners attend.

We also once again hosted a very successful annual lunch gathering for 45 anonymous winners of more than £3 million, providing them with an invaluable opportunity, in a confidential environment, to meet with others who have gone through a similar experience.

INFORMATION SECURITY

As operator of The National Lottery, our Information Security and Data Governance Teams played a critical role in protecting the privacy and integrity of our player, retailer, employee and corporate data.

Throughout the year – a period which saw the company work closely with Allwyn UK to successfully navigate the challenges of transitioning from the third to the fourth National Lottery licence – we continued to operate with the highest levels of integrity.

As part of this, we maintained compliance with the following key security and privacy-related standards:

ISO 27001 – the international standard for Information Security Management;

WLA:SCS – the lottery-specific World Lottery Association Security Control Standard;

PCI DSS – the payment card industry security standard; and

ISO 27701 – the international standard for privacy information management.

In addition, we continued to conduct a number of internal and external compliance assessments in relation to these standards. This provided the business with assurance that we were operating in a secure manner and in line with best practices.

STRATEGIC REPORT

The Directors present the Strategic Report of Camelot UK Lotteries Limited (the 'Company' or 'Camelot') for the Year Ended 31 March 2024.

The year included a trading period of 10 months, reflecting the remaining months of the third licence. All prior year numbers relate to a full 12-month trading period. Where applicable, a like-for-like comparator based on the equivalent 10 months of the prior year has been included.

BUSINESS REVIEW

In the final 10 months of trading for the third licence of the National Lottery, Camelot generated Returns to Good Causes from ticket sales of £1,441.3m. In a year of considerable change for the Company, following its acquisition by Allwyn in February 2023 and the end of its operating licence, this year's performance built on the recent legacy of strong brand health and stakeholder support for The National Lottery.

Gross ticket sales were £6,562.6m, a decline of 5.2% on a like-for-like basis compared with the equivalent 10-month period last year. In the prior year, sales benefited from above average EuroMillions rollover luck but, this year, the game had lower than average rollover luck. Excluding the impact of this luck, sales were broadly flat on a like-for-like basis compared with the corresponding 10-month period last year (a decrease of 1.2%).

Given the fewer product and channel development opportunities available to the Company as it neared the end of the licence, Camelot's marketing was a lead driver of performance in 2023/24, with the Company maintaining the link between play and purpose, and building the long-term health of The National Lottery brand, as measured by its well-established brand positivity metric. This remained at a consistently high level over the course of the year, despite low levels of consumer confidence due to the challenging macroeconomic environment, and exceeded its target of 44.5% on a 12-month rolling average basis by reaching 48.6% at the end of the licence period. Initiatives successfully delivered during the year included:

- A brand new National Lottery campaign, 'Pockets', which brought to life a couple's enduring love and sense of hope over three decades, from 1994 – the year of the first-ever Lotto draw – to the present day, and featured The National Lottery's distinctive pink Lotto ticket at the heart of the couple's story. The campaign also focused on driving awareness of the National Lottery app as a way to play, safe in the knowledge that you would never lose your ticket.
- The National Lottery's Big Eurovision Welcome – an outdoor concert attended by 20,000 players in the centre of Liverpool that celebrated The National Lottery's vital support for music, cultural and community projects across the city and the wider UK. This was broadcast on the BBC and watched by three million people.
- Special sales-driving 'Must-Be-Won' draws on Lotto to celebrate Easter, the King's Coronation, Christmas and New Year, as well as a €200 million EuroMillions Super Minimum Jackpot Guarantee draw, the biggest ever at the time.
- The return of both The National Lottery's award-winning Christmas campaign and The National Lottery's Big Bash, a star-studded concert for National Lottery players broadcast on ITV, which brought together some of the biggest artists in the music industry for some show-stopping performances and one-off collaborations, while looking back at the most memorable moments of 2023, and celebrating the extraordinary people and the amazing difference they have made thanks to National Lottery funding.
- The National Lottery's Big Night of Musicals, which ended the licence in style by bringing together the biggest shows from the world of musical theatre once again for a spectacular celebration in front of 12,000 National Lottery players in Manchester, with a further three million people watching on BBC1.

BUSINESS REVIEW (CONTINUED)

Camelot maintained its focus on retail, its largest sales channel, which accounted for around 55% of overall National Lottery sales in the period. However, as a result of continued changes in consumer shopping behaviours, the challenging macroeconomic conditions and low rollover luck on EuroMillions, when adjusting for the 10-month year, the retail channel saw a like-for-like decline of 5.5% year on year, with total in-store sales of £3,587.3m (2023: £4,499.6m).

To support the long-term health of The National Lottery, an important task was to support Allwyn Entertainment Ltd (also referred to as 'Allwyn UK') in ensuring that as many National Lottery retailers as possible agreed to novate their Retailer Agreements to continue trading with Allwyn UK from the start of the fourth licence on 1 February 2024.

All major multiple accounts and the vast majority of independent retailers successfully novated their Retailer Agreements – 97% of the terminal estate. In addition, over 2,800 independent Postmasters signed a brand new contract with Allwyn – enabling them to partner directly with The National Lottery for the first time, and consequently benefit from an increase in sales commission. The success of this significant transfer process was underpinned by Camelot's retailer communications strategy, field sales team visits and partnering with the senior leadership teams of major multiple retailers.

Throughout this activity, Camelot continued to support its 40,000+ retail partners through its successful in-store standards and rewards programme – 'Site, Stock, Sell' – which helps retailers to improve their display and merchandising, as well as through the regular delivery of Scratchcards and point-of-sale support for special draw-based game events. Average net retailer satisfaction ended the year at 68% (2023: 67%) and Scratchcard availability was 89.5% (2023: 92.5%). All retail targets were met while managing retailer re-contracting and the move of The National Lottery's Distribution Centre at the end of the licence.

The Company also continued to maintain player growth across its digital channels, through strong retention of players alongside ongoing acquisition activity, particularly on the National Lottery app. As a result, The National Lottery saw its active rolling 12-month digital player base grow to its highest-ever level of 10.75 million players. However, it also saw lower weekly engagement, with the average number of weekly interactive (excluding subscriptions) players dropping by 6% to 3.3 million players on a like-for-like basis, alongside a 5.2% drop in average annual spend per player to £285 on a like-for-like basis.

Total digital sales on a like-for-like basis (adjusting for the 10-month period) declined by 4.8%, primarily driven by the unprecedented absence of rollover luck on EuroMillions and the knock-on effect of this on sales of IWGs which players often buy on impulse to go with their EuroMillions tickets.

Playing on mobile continued to be a popular channel of choice for National Lottery players and saw sales of £2,254.2m (2023: £2,760.7m), a like-for-like decrease of 3.5% when accounting for the shorter trading period. This decrease was driven by lower sales through the mobile website as a result of the lower EuroMillions rollover luck. Sales through the National Lottery app, however, grew by 1.1% to £1,687.6m on a like-for-like basis (2023: £1,981.9m). Underpinning the app growth was the Company's previous investment in improving the 'App Draw-Based Games Number Picker' journey, a number of new online IWG launches and increased prominence of the app in marketing activity over the period.

STRATEGIC REPORT (CONTINUED)

STRATEGY AND OUTLOOK

Camelot's mission is to change lives – the lives of National Lottery winners who have scooped life-changing prizes, as well as the lives of millions of people who benefit from the more than £30 million in Good Cause funding that is raised every week by National Lottery players. The Company achieves this through growing sales in a socially responsible manner, which, under the aligned model set out in the third licence, maximises returns for National Lottery Good Causes and for Camelot's shareholder.

The Company's strategy aims to achieve objectives beyond sales growth and maximising returns to society, and its vision reflects this by stating that it wants to "enhance the relevance of The National Lottery at a time of national change". Camelot is a socially responsible organisation, maintaining high standards of player protection and corporate governance, as well as safeguarding its position as a highly cost-efficient lottery operator. With 2023/24 being the last year of the licence, this strategy supported the objective to hand over The National Lottery to the new operator in the best possible shape it could be.

To achieve this aim, the Company continued to deliver against its strategic plan across its three key pillars as follows:

1.Delivering Brand-led Growth

a) Continuing to ensure that The National Lottery brand is relevant and visible

As the Company reached the end of the third National Lottery licence, marketing was the primary lever by which it continued to drive relevance of The National Lottery brand and portfolio to the UK public. In 2023/24, Camelot continued to deploy its brand-led marketing approach with its 'Your Numbers Make Amazing Happen' campaign, which highlighted the positive impact of The National Lottery on all facets of society.

To this end, the Company also continued to work closely with the National Lottery distribution bodies and other key partners to maximise the impact of this marketing messaging.

In its final year of the licence, Camelot repeated successful activities from 2022/23. These included its award-winning Christmas campaign, which brought to life the idea that "anything is possible at Christmas". The campaign was the Company's most emotional to date and featured a TV ad about two strangers who meet on a train and become lucky in love and the lottery. In addition, it held a massive New Year's Eve party for 8,000 players – all free of charge as a thank you to them for playing The National Lottery and supporting Good Causes – which was broadcast on ITV and ITVx.

Alongside this, there were Christmas Scratchcards to play, a special EuroMillions Super Minimum Jackpot Guarantee draw and two festive 'Must Be Won' Lotto event draws on Christmas Eve and New Year's Eve. The entire campaign succeeded in making sure that The National Lottery remained relevant and unmissable, reaching 99% of UK adults.

To deliver its strategy, Camelot continued to optimise the level of marketing required to support The National Lottery brand and portfolio of games, adapting to changes in both consumer behaviour and the media market. In some cases, Camelot has sought investment from Good Causes to increase the level of available marketing to this optimum level, having demonstrated that Good Causes will receive a strong return on this investment.

The total value of funding for marketing received from Good Causes was £70.5m (2023: £76.1m). Further marketing spend by Camelot was £69.9m (2023: £86.1m).

b) Optimising its range of games to ensure that the portfolio offers something for everyone

The Company maintained its longstanding focus on offering players a compelling range of games and propositions.

Draw-based Games continued to perform well, helped by a strong sales performance from Lotto, which delivered 120 winners of £1 million or more over the period (including 18 jackpot winners), as well as six 'Must-Be-Won' special event draws. Despite lower sales versus the previous year, due to reaching fewer high jackpots, EuroMillions still saw seven UK jackpot winners, as well as a record EuroMillions jackpot of £206m in December 2023, which was won in Austria.

Sales across the Instants category declined by 5.8% on a like-for-like basis year on year. Online IWG sales were impacted by low rollover luck on EuroMillions, while sales of in-store Scratchcards were affected by changing shopping habits, the ongoing challenging retail environment and cost of living pressures.

STRATEGY AND OUTLOOK (CONTINUED)

1.Delivering Brand-led Growth (continued)

c) Continuing to invest in improving standards and engagement in retail, as well as improving awareness of The National Lottery within the new distribution channels in which consumers are now shopping

Camelot's investment in retail continued as the Company sought to sustain the high retail standards and engagement that it has seen in recent years.

A multi-faceted contact model providing high levels of support to National Lottery retailers continued to be used, and saw the Retail Sales Team and Operational Sales Team – together with third-party agency visits – focusing on returns to Good Causes, maximising game events, operational support and dedicated calls to promote healthy play.

The retail landscape continued to evolve, with a drop in footfall in some sectors, and shoppers choosing discounters and home delivery within their grocery journeys. The Company continued to support these changing customer trends, including driving awareness in discounters, at mainbank tills, at self-checkout terminals and across rapid delivery platforms.

d) Sustaining the shift to digital by growing awareness of the National Lottery app, and using CRM to unlock player value and acquisition growth

Digital remained an important source of growth, and Camelot continued to invest in ensuring a strong and stable app platform over the period, combined with enhancing and developing its customer relationship management (CRM) campaign activity for app players. Initiatives during the year included further enhancements to the draw-based game play experience on the app, optimisation of the experience across the 'Add/ Withdraw Funds' journeys, and improved Lotto and wider retention campaign activities.

In the last year of the licence, the Company also supported Allwyn with transition, which included updating content across digital and CRM channels in preparation for the handover to the new operator and communicating the future changes to the subscriptions player base.

2. Putting Players at the Heart

Healthy play remained a critical element of Camelot's business strategy, with the dual ambitions of promoting healthy play and making The National Lottery the safest place to play.

The Company maintained high standards of player protection and had a clear strategy to prevent underage and excessive play. This year, the Company's activity focused on:

- Ongoing training and support for retailers on preventing underage play and supporting healthy play through the 'Being a Responsible Retailer' training programme. Refreshed assets and communications were rolled out to better support retailers in respect of their interactions with players on the age to play and healthy play. The Company's underage mystery shopper programme – 'Operation 18', which tests that retailers correctly ask for ID as proof of age – produced a first visit pass rate of 91%, exceeding its 90% target and demonstrating the effectiveness of Camelot's engagement with retailers.
- Elsewhere, Camelot's healthy play mystery shopping initiative involved over 3,000 additional store visits, helping to educate retailers on the signs of potential unhealthy play among their customers. As a result of this and other initiatives, 96% of retailers visited in 2023/24 successfully passed a healthy play knowledge check – underlining the success of Camelot's regular communication with retailers on this important aspect of their role as the face of The National Lottery.
- Independently evaluating the effectiveness of the current digital interventions programme for at-risk players and updating it in line with recommendations. Building on the previous iteration, which was found to be successful in encouraging at-risk players to change their behaviour, the interventions programme was further refined to include more positive reinforcement and reflection content to drive behaviour change. The refreshed set of interventions ensured that healthy play continued to be promoted effectively, particularly among players demonstrating risky play behaviours. The Company's KPI in relation to the proportion of players changing behaviour after receiving an intervention regularly exceeded the target of 50%.

STRATEGIC REPORT (CONTINUED)

STRATEGY AND OUTLOOK (CONTINUED)

2. Putting Players at the Heart (continued)

- Progressing the approach to supporting vulnerable players by introducing new functionality to transfer calls directly from the Contact Centre to the National Gambling Helpline, operated by GamCare, the leading provider of information, advice and support for anyone affected by gambling harm. This offered players a direct route to further support when it might be needed with reduced friction.
- Refreshing the quarterly digital communications sent to all online players to promote healthy play behaviours. These communications focused on positive play behaviours, including using the tools available to set personal spend and play limits, or trying the budget calculator to consider expenditure on playing in the context of monthly financial income, outgoings and leisure spending.

The Company believes that this approach had a positive impact on its players. The number and proportion of at-risk players in the digital player base continued to be at the lowest level since the introduction of Camelot's behavioural analytics model in December 2019. In addition, retailers achieved extremely high pass rates for healthy play knowledge checks and the 'Operation 18' mystery shopper programme.

In addition to the new direct call transfer to GamCare, Camelot continued to offer players webchat functionality which could be accessed on The National Lottery's healthy play webpage. This gave players a different way to seek out support, with webchats routed to a dedicated team whose members have had additional training to offer support in any healthy play scenario.

The Company believes that the approach it continued to take aligns with the perspective of the Gambling Commission, and differentiated Camelot and The National Lottery from other gambling operators.

3. Operating with the Highest Integrity

Maintaining high levels of trust in the operational integrity of The National Lottery required continuous improvement and investment – both of which have played a core role in everything that the Company has delivered during the year.

This was of heightened importance this year as the Company supported the incoming operator, Allwyn Entertainment Ltd, through the process of transition to the fourth National Lottery licence in a way that did not undermine integrity in operations.

Camelot's overall aim was to continue to assure and improve the operational integrity of the business, and reduce both risk exposure and the likelihood and impact of incidents over both the remaining period of the licence and transition. To achieve this, there were four areas of focus:

- continuing to invest in cyber security to maintain the Company's capabilities in the face of evolving threats;
- continuing to invest in maintaining technology systems and infrastructure as they reached the end of their lives to ensure that the Company's technology operation remained fit for purpose and met the requirements for transition to the new operator;
- ongoing continuous improvement in the maturity of operational processes and the internal control environment; and
- ensuring operational integrity continued to be embedded in all operational aspects of Camelot's work.

FINANCIAL PERFORMANCE

The third licence ceased on 31 January 2024 and therefore the 2024 numbers detailed below are all based on a 10-month trading period versus the prior year, which are all for a full 12-month trading period (unless noted otherwise).

Gross Ticket Sales

Gross ticket sales for the year ended 31 March 2024 were £6,562.6m (2023: £8,190.3m). This included 10 months of trading activity, as the third licence ceased on 31 January 2024. On a like-for-like basis for the equivalent 10-month period, sales were 5.2% down (£356.7m) on the prior year (2023 LFL: £6,919.3m).

Within this amount, sales for draw-based games totalled £3,817.7m (2023: £4,739.4m). On a like-for-like basis, draw-based games sales were 4.7% lower than in 2023 (2023 LFL: £4,004.1m). However, when removing the impact of the lower EuroMillions roll series, draw-based game performance was 1.3% ahead of the prior year on a like-for-like basis. This was driven by strong Lotto performance throughout the year.

Macroeconomic pressure and lower EuroMillions luck had an impact on both Instants categories (Scratchcards and online IWGs), and sales were £2,744.9m (2023: £3,450.9m), 5.8% lower than the prior year on a like-for-like basis (2023 LFL: £2,915.2m). Fewer and lower EuroMillions rolls in the year, in particular, had an impact on IWG performance and, the category declined 10.7% year on year on a like-for-like basis.

Sales in retail also continued to be impacted by increasing macroeconomic pressures and longer-term changes in player behaviour. As a result, this helped to maintain the channel shift to digital, which – in line with Camelot's strategy – increased as a proportion of overall sales to account for 45.3% of all sales (2023: 45.1%).

With 10.75 million players, national- lottery.co.uk remained one of the leading e-commerce sites in the UK.

Lottery Duty

Lottery Duty has remained at 12% of sales, and totalled £787.6m for the 10 months of trading activity (2023: £982.8m).

Prizes

Total prizes for the 10 months of trading activity were £3,749.8m (2023: £4,694.0m). This represented 57.1% of sales (2023: 57.3%), with the sales mix between draw-based games and Instants remaining stable year on year.

In any lottery, there are prizes which remain unclaimed. If National Lottery prizes are not claimed within 180 days of either the draw date or date of play for draw-based games and IWGs respectively, or 180 days after the close of a National Lottery Scratchcard game, they are paid over to the National Lottery Distribution Fund (NLDF).

Camelot continued to make every effort to publicise unclaimed draw-based game prizes worth £50,000 or more, either via local or national publicity. Unclaimed prizes for the financial year amounted to 0.9% of sales, consistent with the prior year (2023: 0.9%) and totalled £57.6m (2023: £70.3m)

National Lottery Distribution Fund (NLDF)

The NLDF is the central fund from which the National Lottery distribution bodies receive funds for distribution to Good Causes. In aggregate, the total raised for Good Causes amounted to £1,498.9m, representing 22.8% of sales (2023: £1,877.3m; 22.9%) for the year.

This included £1,441.3m (2023: £1,807.0m) in returns from ticket sales (a like-for-like decrease of 2.2%) and other payments due from relevant income, as specified in the operating licence, and a further £57.6m (2023: £70.3m) in unclaimed prizes. This amount has been reduced by £70.5m (2023: £76.1m), which was retained by Camelot for necessary marketing expenditure to support the long-term health of The National Lottery, as agreed with the Gambling Commission.

The amount of money returned to Good Causes is determined by the mix of games sold, as every game has a different percentage return. Draw-based games return more in percentage terms than Scratchcards and IWGs. As a result, the changing sales mix between these products could result in a change in the percentage of sales that is returned to Good Causes. For this period, however, the sales mix was broadly in line with the prior year (Good Causes at 22.8% of sales compared with 22.9% in the prior year).

STRATEGIC REPORT (CONTINUED)

FINANCIAL PERFORMANCE (CONTINUED)

National Lottery Distribution Fund (NLDF) (continued)

Camelot was subject to a profit-capping mechanism. Where its profits exceed a certain threshold, which depends on sales levels achieved, the additional profits are shared with Good Causes in the form of Secondary Contributions.

Total Secondary Contributions for the year were £17.9m (2023: £6.1m). This is based on an 'adjusted profits' calculation as defined under the third licence.

Net Income

Net Income for the year was £583.9m (2023: £706.5m) and remained broadly consistent as a percentage of gross ticket sales year on year at 8.9% (2023: 8.6%).

Retailers' and Other Commission

Total sales, validations and other commissions for the year totalled £214.0m, representing 3.3% of total sales (2023: £268.3m; 3.3%). This includes both commission paid to retailers and bank fees paid on interactive sales transactions.

The commission rate paid to retailers for Scratchcard sales was 6% and, for draw-based game sales, 5%. In addition, retailers received 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. Up until the end of the third licence, the Post Office was contracted to validate prizes between £500 and £50,000, for which it continued to receive a contractual payment, the quantum of which was subject to meeting certain commitments.

Gaming Systems and Data Communication Costs

Gaming systems and data communication costs decreased to £95.8m for the year (2023: £126.4m), reflecting the shorter period of trading activity. These costs included the cost of maintaining software, terminals and the communications network, all expenditure associated with the purchase of National Lottery Scratchcard tickets, point of sale and other consumables, together with the depreciation of gaming systems, terminal and data communications equipment.

Administrative Expenses

Administrative expenses were £177.7m (2023 as restated: £205.8m), and consisted of advertising and marketing expenditure, depreciation, impairment, staff, facilities and all other administrative costs reflecting 10 months of operating activity.

Finance Income and Costs

Net finance income during the year amounted to £6.2m (2023: £1.6m). Finance income increased to £7.4m in the year (2023: £3.9m), and was mainly driven by interest receivable on bank deposits. The finance costs of £1.2m (2023: £2.3m) decreased compared with the prior year due to lower IFRS 16 lease expense and commitment fees. The average yield on investment was approximately 4.26% (2023: 1.48%). Strict controls applied to treasury operations, which were reviewed regularly. The Company's treasury policy was approved by Camelot's Audit, Risk and Security Committee, and the Board. Funds were only deposited with banks which held an investment grade credit rating by S&P, Moody's or Fitch, and which met the Company's treasury policy criteria.

Operating Profit and Profit After Tax

The Company's operating profit before non-recurring operating items was £99.1m (2023: £109.5m).

There were a number of non-recurring items in both the prior year and current year as detailed in note 5 to the financial statements. These were in respect of fourth licence bid and related litigation, settlement and transaction costs as a result of restructuring and certain one-off items due to the end of licence.

Profit after tax for the financial year was £76.7m (2023: £73.9m).

Taxation

The corporation tax charge of £42.8m for the year (2023: £15.0m) represented an effective tax rate of 36% (2023: 17%). Further detail is provided in note 8 to the financial statements.

FINANCIAL PERFORMANCE (CONTINUED)

VAT

Sales of lottery tickets are exempt from VAT. Therefore, VAT is not normally recoverable on the Company's costs and is a charge against profits. The VAT cost for the year, including that arising on capital expenditure, was £45.4m (2023: £50.0m).

Dividends

The Company's profit for the financial year was £76.7m (2023: £73.9m), as disclosed in the Statement of Comprehensive Income on page 62. As detailed in note 9, total dividends paid in the year under review were £90.0m (2023: £102.3m). As a result of the disposal of its C share shareholding in the prior financial year, there were no dividend payments to Fourmoront Corporation (2023: £7,000).

Financial Position at the Year End

The Balance Sheet reflects the fact that the Company no longer operates The National Lottery. At the end of the third licence on 31 January 2024, Camelot transferred all lottery assets to Allwyn Entertainment Ltd for nil consideration in line with the requirements of the third licence.

Over the remaining two months of the financial year, the Company has continued to settle its significant working capital items, leaving the Balance Sheet reflecting the remaining few obligations as at 31 March 2024. Total equity was £36.3m as at 31 March 2024 (2023: £49.6m).

The value of property, plant and equipment, right-of-use assets and intangible assets decreased to £nil in the current year (2023: £23.5m), with all assets being fully amortised or depreciated. All of the assets used in the running of The National Lottery were passed at nil value to the new operator at 31 January 2024 in line with the requirements of the third licence.

Current trade and other receivables decreased to £4.5m (2023: £578.0m), current trade and other payables decreased to £39.4m (2023: £746.7m) and total provisions decreased to £1.4m (2023: £28.3m), reflecting the settlement of all significant player, employee and trade working capital amounts in line with the end of the licence period. Camelot expects to settle the remaining obligations in the few months post the Balance Sheet period.

Current financial liabilities and borrowings have decreased to £0.2m (2023: £9.5m). This balance represents the small current portion of lease liabilities, the remaining amount being settled in the year.

Investment in Technology

During the year, Camelot maintained the infrastructure to run The National Lottery, with 41,184 lottery terminals across its retail footprint in operation until the end of the licence (2023: 43,041).

As the Company reached the end of the third licence, it was committed to delivering new digital and Scratchcard games, and increasing one-to-one player communications. To meet these commitments, the Company continued to invest in technology and back office systems to support these initiatives, drive operational efficiencies and maintain the technology infrastructure required for a successful transition into the fourth licence period and beyond.

Terminal sales availability, a key performance indicator monitored monthly by the Gambling Commission, was 99.9% (2023: 99.95%), ahead of the operating licence target of 99.50% at the end of the licence. In addition, system availability for playing games on the internet was 99.9% (2023: 100.00%), ahead of the operating licence target of 99.50%.

Cash Flows, Cash and Debt

Cash expenditure from operations was £19.5m (2023: £148.6m generated). The decrease was predominantly due to the expected working capital outflow at the end of the licence representing the unwind in key net payables.

Cash outflows primarily included dividend payments of £90.0m (2023: £75.5m), net taxation-related payments of £22.0m (2023: £17.0m), investment in property, plant and equipment and intangible assets £5.9m (2023: £7.8m), and principal lease payments of £9.3m (2023: £10.5m). The closing cash balance was £72.2m (2023: £212.7m).

Cash flow from operating activities represented gross ticket sales less prize payments, Lottery Duty, payments to the NLDF and operating expenditure. Cash was received from retailers net of prizes paid by them and commission due to them. Settlement of retailers' debts was on a weekly basis, as were payments due to the NLDF and payments into trust for the benefit of players.

STRATEGIC REPORT (CONTINUED)

FINANCIAL PERFORMANCE (CONTINUED)

Cash Flows, Cash and Debt (continued)

In order to protect prize-winners and players, Camelot had set up certain trust accounts operated by The Law Debenture Trust Corporation plc, which acted as an independent trustee. An amount equivalent to prizes was deposited into a trust account on a weekly basis, as well as monies taken in advance and money held by interactive players in their online wallets. This money was held in trust until paid as a prize, or entered into a draw, and was under the control of the trustees until this time. Interest earned on these accounts, after accounting for trust expenses, was for the benefit of the NLDF.

At the end of the third licence, Camelot transferred assets from these trust accounts into new equivalently secure and protected fourth licence trust accounts, also under the control of an independent trustee, The Law Debenture Trust Corporation plc.

During the year, Camelot held a surety bond with HCC International Insurance Company PLC to the value of £21.0m (2023: £21.0m). This ceased at the end of the third licence on 31 January 2024. The provisions for Camelot to be able to satisfy its security for players' funds obligations under the licence, by way of a surety bond, were set out in Condition 19.3 of the licence.

The Company maintained a £45.4m committed Revolving Credit Facility (2023: £45.4m), which ended on 30 October 2023.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

As the long-term operator of The National Lottery, Camelot took the need to consider the threat and impact of climate change seriously. Significant climate-related risks were incorporated into the appropriate functional risk registers to include a description of the risk, its likelihood of occurrence and impact. Risks were assigned owners and were tracked alongside mitigating activities. Risk registers were reviewed quarterly, including a horizon scanning exercise to identify and assess climate and sustainability risks and opportunities.

The Company's principal climate-related risks were monitored in the Corporate Responsibility risk register, and related to the Company's vehicle fleet and activity of key suppliers in its distribution network. More detail relating to the Company's environmental impact can be found on page 22.

Having regard to the nature of Camelot's business and the manner in which it has been carried out, the Directors did not consider it necessary to describe those activities associated with sustainability within the Company's model and strategy, targets and key performance indicators, given the fact that the Company ceased to operate The National Lottery during the year and all of the Company's employees were transferred to Allwyn Entertainment Ltd as at 1 February 2024.

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006

Overview

The Strategic Report is required to include a statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 during the year ended 31 March 2024 when performing their duty under section 172 of the Act.

Section 172(1) of the Companies Act 2006 states:

"A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –

a) the likely consequences of any decision in the long term,

b) the interests of the company's employees,

c) the need to foster the company's business relationships with suppliers, customers and others,

d) the impact of the company's operations on the community and the environment,

e) the desirability of the company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the company."

All activity and decision-making by the Directors is undertaken in the context of a single shareholder, the constitution of the Board, the length of Camelot's licence to operate The National Lottery, the Company's strategic and annual planning cycle, and the monitoring by the Directors of its performance against its annual plan and budget.

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

The Promotion of the Success of Camelot for the Benefit of its Members as a Whole

On 5 February 2023, Ontario Teachers' Pension Plan ceased to be Camelot's sole beneficial owner and Allwyn UK Holding B Ltd, a subsidiary of the Allwyn group, became Camelot's sole shareholder.

Throughout the financial year, the Directors included among their number senior representatives of the shareholder, others of whose staff also attended meetings of the Board. The Directors, therefore, were (and continue to be) able to perform their duty under section 172(1) with unique and direct access to the perspectives and interests of the shareholder from time to time, which fully endorsed and supported the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1)(a) to (f).

As all of the Directors are aware, the Chair, the Executive Directors and other members of the senior management team also continued throughout 2023/24 to have regular discussions with Allwyn's staff on a variety of matters relating to Camelot's business outside the scope of Board activity.

a) The Likely Consequences of Any Decision in the Long Term

During 2023/24, the Directors' regard for the likely consequences of any decision in the long term in relation to their duty under section 172(1) was necessarily undertaken in the overarching context of the expiry on 31 January 2024 of Camelot's licence to operate The National Lottery and its responsibilities to support a smooth transition to Allwyn Entertainment Ltd as the fourth licence operator. This context is reflected in the Directors' Going Concern and Viability Statements on page 41 of this Annual Report and Accounts.

Under the governance arrangements approved by the shareholder and the Camelot Board, Camelot's strategy and related business plans (setting out all significant product, channel, operational and organisational initiatives for each year) and the year's annual budget required the Board's express approval. Any additional business cases during the year relating to any significant game, channel or other operational changes above levels of investment or expenditure specified by the Board also required the approval of the Board. Any such additional approvals during the year were supported by information and advice prepared for the Directors' consideration by Camelot's senior management, including as to how the relevant initiative contributed to Camelot's strategy and business plans.

The Annual Budget and associated Annual Business Plan for 2023/24 were prepared by senior management and considered by the Board on an iterative basis, and the plan was finally considered and approved by the Board at its first meeting , following the acquisition by Allwyn, in March 2023.

Similar to previous years, the Directors were then able to monitor Camelot's performance against the 2023/24 Annual Budget and Annual Business Plan regularly throughout 2023/24. Monitoring took place in respect of a range of detailed key milestones and performance indicators – by means of weekly and monthly reporting to Directors (and, in addition, others of Allwyn's staff) of Camelot's performance against defined key milestones and performance indicators; by a more detailed business update (which included significant findings of post-implementation reviews of key initiatives) presented by the senior management team for scrutiny at each meeting of the Board through to expiry of the third licence on 31 January 2024; and by periodic updates following expiry.

Taken together, these governance arrangements enabled the Directors to assess on a continuing basis the extent to which the consequences of any particular decision were consistent with what was expected at the time it was taken, and, accordingly, whether it was appropriate to consider any corrective or alternative action.

All remaining long-term decisions related to transition and Camelot's responsibility for a number of obligations after expiry of the third licence, and Camelot, as the outgoing licensee, continued working with Allwyn Entertainment Ltd to prepare for the fourth licence which commenced on 1 February 2024. The Board has continued to meet post the end of the third licence to manage any ongoing matters and to ensure post-expiry obligations are being adequately addressed.

STRATEGIC REPORT (CONTINUED)

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

The Promotion of the Success of Camelot for the Benefit of its Members as a Whole (continued)

b) The Interests of Camelot's Employees

Retaining the talent and experience within the Company was a pillar of the 2023/24 Annual Business Plan, which the Board monitored on a regular basis throughout the year in accordance with the governance arrangements described in the preceding section ("The likely consequences of any decision in the long term").

However, the Company ceased to have any employees following 31 January 2024 (at which time the employment of the majority of its staff transferred to Allwyn Entertainment Ltd by virtue of Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE') – and the Company retained no employees from 1 February 2024 onwards.

Until then, Camelot continued to promote hybrid ways of working, encouraging staff to balance the time they spent in the office and working from home. The Company also carried out regular surveys with staff to collect their views and insights on engagement, and also on working arrangements, working closely with its people to support them through the TUPE process. This resulted in low rates of attrition, with 99% of employees successfully completing the process.

Performance against key performance indicators relating to that part of the 2023/24 Annual Business Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year up until 31 January 2024. The business update to the Board also included more detailed information on staff-related activities, mainly involving engagement and retention, including initiatives focused on leadership and learning, all-staff update meetings, talent reviews, the TUPE programme, and, inclusion and diversity activities. This also included close monitoring of retention metrics such as attrition rates, resignations, open vacancies and numbers of secondments.

In addition, the 10-month, 2023/24 bonus scheme for all staff was reviewed, approved and monitored throughout the year by the Board's Remuneration Committee.

c) The Need to Foster Camelot's Business Relationships with Suppliers, Customers and Others

Specific initiatives relating to Camelot's relationships with its players and National Lottery retailers, and engagement with stakeholders, continued to be at the heart of its 2023/24 Annual Budget and Annual Business Plan. Performance against key performance indicators relating to those parts of the Annual Business Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board through to expiry of the third licence. The business update to the Board also included more detailed information on these activities.

The key risks (and mitigations) identified by Camelot with respect to these business relationships included fourth licence transition; staff retention and recruitment; management of key supplier and partnership relationships; the regulatory environment; management of healthy play; player engagement; impact of the macroeconomic environment; the retailer environment; the digital channels; failure of key technology or systems; and failure to manage the risk of unauthorised access to systems or data or cyber attack.

The Audit, Risk and Security Committee (ARSC) of the Board (which was typically attended by all Directors, including those who are not members of the Committee) considered the status of all of these risks at each of its meetings during the year. Further information relating to the principal risks is included in this Strategic Report on pages 24 to 39.

A new independent Non-Executive Director, Simon Burke, was appointed to the Board, and as a member and Chair of the ARSC, on 4 September 2023. An additional existing independent Non-Executive Director, Amanda Horton-Mastin, was also appointed as a member of the ARSC on 19 September 2023.

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

The Promotion of the Success of Camelot for the Benefit of its Members as a Whole (continued)

d) The Impact of Camelot's Operations on the Community and the Environment

Doing business responsibly means operating with integrity, and this underpinned all activity undertaken by the Directors. Through to the expiry of the third licence, Camelot delivered on its aim to maximise returns to Good Causes by selling National Lottery products in a socially responsible way, with a lot of people playing a little. Promoting healthy play and being the safest place to play, while raising as much money as possible to enable the National Lottery distribution bodies to continue to fund local and national community and environmental projects throughout the UK, remained strategic objectives.

The Board duly considered and approved the Annual Business Plan for 2023/24 at the first meeting of the Board in March 2023, and then monitored it throughout the year (including in relation to protecting players and returns to Good Causes) in accordance with the governance arrangements described earlier in the section on "The likely consequences of any decision in the long term" page 33.

During 2023/24, corporate responsibility was again central to how Camelot operated – from the way it trained and protected its employees, advised big winners and treated suppliers, to how it safeguarded data, supported its local communities through volunteering and considered its environmental footprint. Any significant issues or developments were included in reporting to the Board during the year in accordance with the governance arrangements referred to previously.

e) The Desirability of the Company Maintaining a Reputation for High Standards of Business Conduct

The protection of National Lottery players and promotion of healthy play, operating with the highest integrity and ensuring that Camelot maintained an excellent reputation for how it operated continued as some of the pillars of the 2023/24 Annual Business Plan. Performance against key performance indicators relating to specific initiatives, and against milestones for related activities, were included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board through to expiry of the third licence. The business update to the Board also included more detailed information on these matters.

More broadly, led by the Board, Camelot continued to maintain through to expiry of the third licence a high-integrity culture, with appropriate policies, training and processes relating to anti-bribery and corruption and whistleblowing, together with substantial business control functions such as Programmes, Security Operations, Risk, Compliance and Internal Audit, Finance, Legal (which included the Company Secretarial function and the Data Protection Officer), Procurement and Regulation. The Board continued to oversee these aspects of Camelot throughout the year through the ARSC.

f) The Need to Act Fairly as Between Members of Camelot

Camelot continues to have only one sole beneficial shareholder and, therefore, the Directors were not required to have regard to this particular matter during 2023/24.

STRATEGIC REPORT (CONTINUED)

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

Risks, Uncertainties and Opportunities

The third operating licence provided Camelot with significant opportunities, as well as some significant risks and uncertainties, and these were managed through the Company's enterprise risk management framework, further details of which are provided in the Report on Corporate Governance.

The risks which the Board considers may have a significant impact on the results of Camelot and its ability to achieve its strategic objectives are defined as the Company's principal risks. The principal risks can occur independently from each other or in combination.

During the year, the ARSC and Board conducted reviews of Camelot's principal risks. Throughout the period, the Board of Directors continued to assess the risk definitions with regard to the uncertainty occasioned by the outcome of the fourth licence competition and the ongoing subsequent legal challenge by IGT on the outcome of the fourth licence bid during the year.

Mitigation and Controls

Through to expiry of the third licence, Camelot continued to adopt mitigation activities in the form of internal controls for all key principal risks, as part of quarterly internal reviews.

Compliance activities related to these internal controls included reporting to the Compliance & Risk Committee, the Board, the ARSC, Executive management team, and monitoring compliance with Camelot's policies. The effectiveness of risk mitigations for the year ended 31 March 2024 against risk definitions continued to be supported through a suite of risk metrics.

The Company identified its key principal risks and mitigations for the year ended 31 March 2024 as follows:

Fourth Licence Transition
Camelot may be unable to fulfil its obligations (eg providing certain information/data at key milestones, and providing support to Allwyn Entertainment Ltd's transition programme) under the Cooperation Agreement (which governs the transition to the fourth licence operator) to time and/or quality.

During the year, the Board reviewed management's detailed assessment of outgoing licensee risks, and monitored the preparation and related activities within Camelot to meet outgoing licensee responsibilities under transition, and considered that Camelot's obligations related to the transition were successfully completed.

People
Due to the period of uncertainty for the remainder of the third licence and beyond February 2024, there was an anticipated risk of unwanted attrition, difficulty in recruiting key roles and a fall in engagement levels. The Company may therefore have had difficulty in ensuring the right skill-sets existed in the organisation, which, along with lower levels of engagement, could have impacted organisational performance.

Through to expiry of the third licence, the Company continued to maintain an organisational health dashboard which tracked and monitored key metrics such as attrition, absences and levels of engagement. In addition, succession and retention plans for key roles across the business were subject to regular review at Operational and Executive level.

Camelot's ongoing programme of pulse and annual engagement surveys continued to enable it to measure engagement levels across the Company regularly and to implement appropriate actions in a timely manner. At the end of the licence, 99% of employees transferred to Allwyn Entertainment Ltd under the TUPE process.

Key Supplier/Partnership Relationships
Service disruptions from key suppliers and operational failures could be experienced due to the inability of suppliers to provide their services or the inability of Camelot in maintaining robust and effective working relationships with key suppliers/partners.

Through to expiry of the third licence, the Company continued to maintain ongoing working relationships with key suppliers and partners, and conducted regular reviews to assess operational performance and resilience. Through its designated Relationship Managers, Camelot continued to monitor and regularly engage with key suppliers to assess the adequacy of their Business Continuity Plans (BCPs).

Camelot's BCPs were created, assessed and maintained to ensure minimal business disruptions, and it aligned with ISO 22301: Business Continuity Management System by operating the same framework, management systems and plans.

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

Mitigation and Controls (continued)

Regulatory Environment
The regulatory environment might not ensure licence compliance or support an effective working relationship and operating model with the Gambling Commission: specifically, the risk that the delivery of Camelot's Annual Business Plan and Outgoing Licensee Plans were impacted by the Gambling Commission's low risk appetite and approach to issues and other approvals resulting from challenges associated with the end of licence and exit from the third licence.

Through to expiry of the third licence, the Company maintained a high-integrity culture and identified accountable people against each of its licence requirements, and continued to review and update this on a regular basis. Licence compliance was also embedded in Company processes and procedures. Business control functions – such as the Regulatory Affairs, Risk, Compliance and Internal Audit, Procurement and Process Governance Teams – continued to monitor compliance through their activities.

Through to expiry of the third licence, the Company continued to maintain regular senior management meetings with the Gambling Commission, along with regular engagement with key business control functions, such as Regulatory Affairs and Risk, Compliance and Internal Audit. The Company also continued proactively to share performance data, as well as strategic plans and proposals requiring approval, so that it continued to be able to work effectively with the Gambling Commission.

Management of Healthy Play
Camelot may not adopt an appropriate healthy play strategy, nor have suitable operational activities and metrics to protect players and provide early warnings of at-risk and problem play.

Through to expiry of the third licence, the proportion of at-risk players continued to remain low following the inception of the Company's interventions programme in December 2019, and subsequent updates to it in November 2021 and November 2022. The Company continued to exceed its target of at-risk players changing their overall play behaviour after receiving interventions. Retailer knowledge checks on excessive play were well above target, while the first visit pass rate on the 'Operation 18' mystery shopper programme consistently exceeded the annual target.

Player Engagement
The relevance of The National Lottery remained critical to the success of the business. Failure to ensure that games remained relevant and that players remained engaged when there is significant pressure on consumers' discretionary spend could have led to a decline in sales and returns to Good Causes.

As mentioned earlier in the Strategic Report, the Company continued to address this risk by ensuring that The National Lottery's brand and portfolio of games continued to remain relevant to a wider player base through marketing communications and events. The Company continued to adapt its marketing and communications plans, which helped to ensure that, through to expiry of the third licence, The National Lottery continued to remain relevant to players with a focus on the positive impact of Good Causes on society.

The macroeconomic environment continued to remain uncertain through to expiry of the third licence, with consumers remaining pessimistic about their financial situation as the economic backdrop became more challenging. Growing pressure on disposable income continued to make consumers more value-led and spend-conscious. As a result, keeping The National Lottery top of mind continued to become more challenging.

STRATEGIC REPORT (CONTINUED)

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

Mitigation and Controls (continued)

Macroeconomic Environment

Camelot was unable to respond to uncertain macroeconomic conditions (such as increasing fuel, energy and food costs, rising interest rates and low consumer confidence) impacting players' disposable income, as well as placing cost pressures on the business. This could have resulted in lower sales and returns to Good Causes, and decreased financial performance by the Company.

Significant economic headwinds remained through to expiry of the third licence, with the outlook remaining challenging as pressure on disposable income persisted. This pressure on disposable income was increasingly likely to exacerbate competitive intensity, with The National Lottery's share of marketing 'voice' coming under increased pressure from rising media spend from direct lottery competitors and the indirect wider gaming and gambling market. Cash flow forecasts continued to be based on the Company's econometric modelling and recognised the significant degree of uncertainty in the economic outlook.

The risk of an increasing number of players facing economic hardship continued to sharpen the focus of the spotlight on healthy play and affordability.

Retailer Environment

As retail remained a critical channel, failure to maintain standards, advocacy and support for The National Lottery across the retailer estate could have led to poor in-store execution, lack of confidence and poor support for The National Lottery brand. Camelot also needed to remain agile, mindful and able to adapt to the changing retail environment.

Through to expiry of the third licence, there continued to be clear evidence that the macro context remained challenging for retailers and shoppers, with ongoing extensive inflationary pressures causing shoppers to reduce volumes, switch to own label products and/or switch to discounters.

The Company's focus remained on excellent in-store standards to make The National Lottery unmissable across the retail estate.

Digital Channels

The failure to maintain a fit-for-purpose digital platform may have led to poor customer engagement and loss of sales. In addition, strong commercial performance achieved through the delivery of the Company's digital strategy might not have been maintained, which could result in reduced customer satisfaction, and lost sales and returns to Good Causes.

Through to expiry of the third licence, the Company continued closely to monitor the performance and capacity of its digital channels, as well as delivering key digital projects and continuous improvement initiatives to enhance the stability of the platform and improve customer engagement.

Technology/Systems

As Camelot moved towards the end of the third licence period, there was a risk associated with a number of systems which were nearing the end of life. Additionally, there was a risk to the information systems estate that, as the Company neared the end of the licence term, systems were no longer fit for purpose and could lead to a failure to execute and deliver an effective technical solution.

Licence Condition 5.9 required Camelot to maintain all licensee assets to ensure that they were adequately supported and had a life expectancy of two years from the end of the third licence. Through to expiry of the third licence, the Company continued to maintain a secure, fit-for-purpose technology solution to enable employees to work effectively. In continuing to provide operational integrity to the end of the licence and for technology required beyond the end of the licence, the ongoing management of end-of-life technology was essential, particularly components for the key gaming and corporate systems.

Through to expiry of the third licence, the Company continued to evaluate the adequacy of its infrastructure and IT security controls regularly, to test its contingency and recovery processes, and to undertake employee awareness and training. Controls testing and security patching around core systems were also performed regularly. The Company continued to invest heavily in safeguarding IT infrastructure, with the security of player information and funds being key priorities.

STATEMENT DESCRIBING HOW THE DIRECTORS HAVE HAD REGARD TO THE MATTERS SET OUT IN SECTION 172(1)(A) TO (F) OF THE COMPANIES ACT 2006 (CONTINUED)

Mitigation and Controls (continued)

InfoSec/Cyber

Unauthorised access to Camelot's systems or data, from either an external or internal source, could have resulted in unauthorised access to personal or financial data, gaming systems or commercially sensitive information and/or service disruption due to the loss/unavailability of key operational systems; or a loss of integrity of gaming systems, or gaming, financial, personal or other data. This could have led to reputational and/or commercial damage, and potential regulatory penalties.

Through to expiry of the third licence, the Company continued to comply with the ISO 27001 Information Security Standard and World Lottery Association Standards. Similar to other organisations, it continuously monitored the cyber landscape, and assessed and dealt with emerging threats. It continued to invest in its Information Security Team, and in raising cyber risk awareness across its business and with its partners.

Work on optimising the Company's security culture and increasing colleague awareness of security risks continued, building further on the focus in this area.

The Strategic Report was approved by the Board of Directors on 18 June 2024 and was signed on its behalf by:

Sir Keith Mills GBE DL
Chair

Camelot UK Lotteries Limited
Company Number: 02822203

DIRECTORS' REPORT

The Directors present their Report, together with the Audited Financial Statements of Camelot UK Lotteries Limited (the 'Company'), for the Year Ended 31 March 2024.

The Company is a private limited company, limited by shares, and is incorporated and domiciled in the United Kingdom. The address of the registered office is: Camelot UK Lotteries Limited, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

PRINCIPAL ACTIVITIES

Until the expiry of the third operating licence on 31 January 2024, the principal activity of the Company remained the operation of The National Lottery in a socially responsible manner for the benefit of a number of good cause areas: arts, heritage, sport and community (the 'Good Causes'). The establishment of The National Lottery was enabled by the passing of The National Lottery etc. Act 1993 (as amended). Camelot operated The National Lottery pursuant to an operating licence granted by its regulator, the Gambling Commission.

In March 2022, the Gambling Commission named Allwyn Entertainment Ltd as the Preferred Applicant to operate The National Lottery for the fourth National Lottery licence and, in September 2022, it formally awarded the licence to Allwyn Entertainment Ltd. Camelot continued to remain committed to supporting a smooth transition and has worked hard to fulfil its responsibilities to make this happen. This included activities as the outgoing licensee, subject to the obligations under the third licence and those of the transition Cooperation Agreement.

The Company's performance and outlook are discussed in the Strategic Report set out on pages 24 to 39 as permitted under s414C(11).

SHAREHOLDINGS

The following share structure was in place at the end of the year under review:

	Number of 'A' shares	Number of 'C' shares	Total % holding of shares
Allwyn UK Holding B Ltd	1,000	10	100%

Further details of the rights and obligations of each class of share are given in note 22 to the financial statements.

The Company's ultimate shareholder is Valea Foundation, whose registered office is Vaduz, n.a., 9490, Liechtenstein. The largest group of undertakings in which the results of the Company are consolidated is that headed by KKCG AG, whose registered office is Kapellgasse 21, 6004 Luzern, Switzerland. The consolidated financial statements of this group are not available to the public. The smallest group in which the results of the Company are consolidated is that of Allwyn International a.s., whose registered office is Evropská 866/71, 160 00 Prague 6, Czech Republic. The consolidated financial statements of this group are available to the public at www.allwynentertainment.com/investors/sazka-group-debt-investor-hub/financial-reports.

DIRECTORS

The names of the Directors who served during the year and up to the date of signing the financial statements were:

Chair
Sir Keith Mills GBE DL

Executive Directors
Clare Swindell (resigned 1 February 2024)
Neil Brocklehurst (resigned 1 February 2024)

Non-Executive Directors (officers of Allwyn group entities)
Robert Chvátal
Katarína Kohlmayer
Kenneth Morton

Independent Non-Executive Directors
Simon Burke (appointed 4 September 2023)
Lord Sebastian Coe CH KBE (resigned 1 February 2024)
Amanda Horton-Mastin (resigned 1 February 2024)
Jennelle Tilling (resigned 1 February 2024)

Company Secretary
John Dillon (resigned 1 February 2024)
David Harris (appointed 1 February 2024, resigned 19 April 2024)

INSURANCE FOR DIRECTORS AND OFFICERS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

GOING CONCERN

The Company's licence to operate the third National Lottery expired on 31 January 2024. Under contractual arrangements in place with Allwyn Entertainment Ltd, the successor operator, this company continues to undertake a limited number of post-expiry obligations which remain the responsibility of the Company under the third licence.

The Directors have reviewed the obligations and cash flows of the business. They have an expectation that the Company has adequate resources to meet these obligations as they fall due for at least one year from the date of the financial statements being signed. However, as the Company has ceased to trade, these financial statements have been prepared on a basis other than going concern consistent with the prior year.

As in the prior year, applying this alternative basis has not necessitated any write down of assets, nor the recognition of any additional liabilities. More detail on the impact of preparing the financial statements on a basis other than going concern can be found in note 2.

VIABILITY ASSESSMENT

Taking account of the Company's current position and principal risks, the Directors have assessed the prospects of the Company for the purposes of provision 31 of the UK Corporate Governance Code covering a period for at least one year from the date of the financial statements being signed.

The Company's current licence to operate The National Lottery expired on 31 January 2024.

The Company has therefore ceased operations and the assessment period covering at least one year from the date of the financial statements being signed is entirely a non-trading period, during which the Company will settle the various (albeit limited) obligations that remained following expiry of the licence. This period however still remains relevant.

Taking into account the limited obligations post the expiry of the Company's licence to operate The National Lottery on 31 January 2024 and the contractual arrangements entered into with Allwyn Entertainment Ltd in relation to the performance of the Company's post-expiry obligations, the Directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due over the post-expiry period. The Directors have a reasonable expectation that the Company will become dormant after such time.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE

The Report on Corporate Governance is set out on pages 45 to 55.

STREAMLINED ENERGY AND CARBON REPORTING

The Company's streamlined energy and carbon reporting is set out in the "Environmental Impact" section on page 22, and is included in this Directors' Report by cross-reference.

RESEARCH

To secure the long-term success of The National Lottery and to ensure continued sales growth alongside increasing returns to Good Causes, the Company continued to spend on research during the year through to expiry of the third licence. The Company's spend totalled £3.8m in 2024 (2023: £4.3m), primarily in the area of brand and market research.

EMPLOYEES

The Company continued to place a high priority on ensuring that its employment policies respected the individual, and to offer training, career and personal development opportunities regardless of racial or ethnic origin, gender, age, religion, nationality, disability, sexual orientation or marital status.

A continued key focus over the last year was to encourage an inclusive working culture which valued difference. Full and fair consideration continued to be given to the employment of all individuals and reasonable adjustments were made to accommodate the disabilities of Camelot employees, whether those disabilities arose before or during their employment with the Company.

The Company ceased to have any employees on expiry of the third licence on 31 January 2024, with the employment of the majority of staff having transferred to Allwyn Entertainment Ltd under a Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangement.

EMPLOYEE ENGAGEMENT

Camelot continued to have a well-established structure for communicating and listening to its employees through a variety of channels, including Company-wide emails, webcasts, all-employee meetings, the Company's intranet and regular engagement surveys. With hybrid ways of working embedded, these channels continued to be available to employees regardless of their working location. They also continued to be the medium through which the Company communicated economic and financial factors which impacted its performance. The Company closely monitored engagement throughout the year, achieving upper quartile engagement scores in its surveys.

During 2023/24, and until the end of the third licence, Camelot continued to:

- provide employees systematically with information on matters of concern to them, such as trading updates, commercial strategy and transition updates, as well as inviting representatives from organisations that have received National Lottery funding to share their stories to ensure employees remained connected to the Company's purpose. There continued to be a regular cycle of Company-wide communication through 'All Together' briefings, Leadership Team briefings, the intranet and monthly leadership newsletters for cascade, together with, in the latter part of the period, all company 'All In With Allwyn' events;
- consult and provide information on TUPE matters as a whole and via the Employee Forum;
- consult employees as a whole and via the Employee Forum on a bi-monthly (and then bi-weekly) basis so that their views could be taken into account in making decisions which may have been likely to affect their interests, including the outcomes of employee surveys, input to people policies, input to the wellness strategy, input to the impact of any organisational change, and input into diversity and inclusion plans;
- encourage the involvement of employees in Camelot's performance through the all-employee annual bonus scheme, ensuring that quarterly performance conversations took place with individuals, and regular briefings on trading performance and progress against the Annual Business Plan;
- provide a listening strategy through regular engagement surveys and conversations with the Employee Forum, and reviewing feedback from the Company's People Business Partners;

EMPLOYEE ENGAGEMENT (CONTINUED)

- achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of Camelot through 'All Together' sessions and monthly Leadership Team cascades, as well as local team cascades and the 'All In With Allwyn' sessions towards the end of the period; and
- activate a diversity and inclusion and wellbeing strategy throughout the year, encouraging employees to be their best and be themselves at work.

Through to expiry of the third licence, the Directors continued to have visibility of the people priorities and initiatives for the year via the People section of the Annual Business Plan, which set out specific initiatives relating to employees. In addition, employee engagement scores and feedback were shared annually, and employee engagement and performance were considered as part of the all-employee annual bonus scheme, which was approved by the Remuneration Committee. Any risks relating to employees also continued to form part of the Principal Risk updates to the Board.

BUSINESS RELATIONSHIPS

In performing its duties, the Board continued to give due consideration to its key stakeholder groups as it ensured that the activities of the Company aligned with its responsibilities following expiry of the third licence.

In assessing its activities, the Board continued to aim to act fairly, transparently and in the best interests of the Company, and to assess the impact of activities on the Company's business relationships, in particular with its regulator and Allwyn Entertainment Ltd. The Company acknowledges that not every decision the Board has made will necessarily result in a positive outcome for all of its stakeholders.

Through to expiry of the third licence, the Board and Executive management continued to have regular engagement with their counterparts at the Gambling Commission and with the National Lottery distribution partners which distribute Good Cause funding. Executive management continued to have a regular programme of engagement across the retailer base (from large multiple retailers through to independent, owner-managed businesses), which was monitored and assessed by the Board through its regular review of the Annual Business Plan.

SUPPLIERS

Suppliers remained critical to the success of the Company and, for all major suppliers, there continued to be a dedicated Camelot relationship manager in place through to the expiry of the third licence. The relationship managers worked closely with the supplier to ensure not only the delivery of their product/service, but also that there was a strong working relationship with regular dialogue that allowed both parties to operate fairly and transparently with each other.

The Company's policy was to pay all fully-approved supplier invoices within 30 days after the end of the month in which the invoice was received (or 30 days from the date of invoice for small suppliers with 50 or fewer employees). During the year, Camelot paid 95% (2023: 93%) of its supplier invoices in line with the agreed terms and, on average for the year, invoices were paid within 29 days (2023: 27 days) from date of receipt. The Company's latest figures showed that only 1% (2023: 1%) of supplier invoices were paid after a period in excess of 60 days, with 73% (2023: 71%) being paid within 30 days or fewer.

Camelot's payment practice and performance are publicly available. In April 2021, the Company became a signatory to the Prompt Payment Code – the UK's voluntary code of conduct that sets the standard for best practice with regards to payments from large companies to smaller ones.

FINANCIAL RISK MANAGEMENT

The Company had a clear and specific investment policy which was followed for all cash deposits placed to mitigate against short and long-term cash flow risk.

The Company continually monitored its banking facilities, as well as regularly forecasting and reviewing its cash flow requirements.

The Company was exposed to certain levels of credit, interest rate, foreign exchange and liquidity risks that arise in the normal course of business. Details of these risks are disclosed in note 17.

RELATED PARTY TRANSACTIONS

During the current financial year, the Company has, in the ordinary course of its business, had transactions of significance with its fellow UK group entities. Details of related party transactions are given in note 27 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, expressed their willingness to continue in office.

DIVIDENDS

As detailed in note 9, total dividends paid in the year under review were £90.0m (2023: £102.3m). The Company does not recommend payment of a final dividend.

DONATIONS

During the year, no political donations were made (2023: £nil).

POST-BALANCE SHEET EVENTS

There are no Post-Balance Sheet Events that have occured since 31 March 2024 to disclose.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs, as issued by the IASB, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

In addition, the Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all of the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board
Sir Keith Mills GBE DL
Chair
18 June 2024

REPORT ON CORPORATE GOVERNANCE

While not required by law, Camelot UK Lotteries Limited has undertaken, so far as it is practical having regard to its corporate structure, to comply with the principles of good governance and code of best practice as set out in 'The UK Corporate Governance Code' (the 'Code'), published by the Financial Reporting Council in July 2018, in line with its requirements under the third licence. The Board's commitment to business integrity, high ethical values, corporate responsibility and professionalism in all of its activities remains undiminished following the Company's transition from plc to limited company status in July 2010.

This report outlines the approach adopted in relation to the principles contained within the Code and provides an explanation of any current departure from the provisions of the Code.

BOARD OF DIRECTORS

Following the sale on 5 February 2023 by Ontario Teachers' Pension Plan of its interest in the Company to Allwyn UK Holding B Ltd, a member of the Allwyn group of companies, the Board comprised Sir Keith Mills GBE DL (Chair), Neil Brocklehurst, Robert Chvátal, Lord Sebastian Coe CH KBE, Amanda Horton-Mastin, Katarína Kohlmayer, Kenneth Morton, Clare Swindell and Jennelle Tilling. Simon Burke was subsequently appointed to the Board on 4 September 2023.

On expiry of the third licence on 31 January 2024, Neil Brocklehurst, Lord Sebastian Coe CH KBE, Amanda Horton-Mastin, Clare Swindell and Jennelle Tilling stepped down from the Board. From that time and as at 31 March 2024, the Board comprised five members: the Chair (Sir Keith Mills GBE DL), one Independent Non-Executive Director (Simon Burke) and three Shareholder-Nominated Non-Executive Directors (Robert Chvátal, Katarína Kohlmayer and Kenneth Morton). Neil Brocklehurst and Clare Swindell, as Co-Chief Executive Officers (until 31 January 2024), continued to attend meetings of the Board and Board Committees as required following their departure from the Board.

There was a clear delineation of responsibility between the Chair and the Co-Chief Executive Officers during the year, which was set out formally in a written description of the role of the Board and written descriptions for the Chair's and the Co-Chief Executive Officers' roles (and also for the roles of the Deputy Chair/Senior Independent Director and the Independent Non-Executive Directors).

The Chair led the Board, ensuring that each Director, particularly each of the Non-Executive Directors, was able to make an effective contribution. He monitored, with assistance from the Company Secretary, the information distributed to the Board to ensure that it was sufficient, accurate, timely and clear. Board papers were sent to Directors in good time before Board meetings.

Over the year, these covered key areas of the Company's affairs, including overall strategy, trading performance, transition oversight, key commercial partnerships, approval of budgets, major capital expenditure programmes, significant transactions, particularly around end of licence matters, and financing issues. The Board approved all major capital and operational expenditure over specified amounts, which varied depending on the nature of the expenditure.

Through to expiry of the third licence, the Co-Chief Executive Officers maintained day-to-day management responsibility for the Company's operations, implementing Company strategies and policies agreed by the Board.

Regular Board meetings were held during the year under review. Through to expiry of the third licence, Board meetings followed a formal agenda which included regular reports from the Co-Chief Executive Officers, matters for which the Board's approval was required (including, in particular, the Company's Annual Business Plan and Annual Budget), deep dives into business topics of importance and other matters for the Board's information. The Strategic Report for the year can be found on pages 24 to 39.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

At the beginning and end of each Board meeting, the Chair usually met with the Non-Executive Directors for a private session in the absence of the Co-Chief Executive Officers and other senior management. At the end of each meeting, a further private session was usually held with the Co-Chief Executive Officers without other senior management.

The written description of the role of the Board set out matters specifically reserved for decision by the Board, but all Board members were free to raise other issues at Board meetings. Where Directors had concerns that could not be resolved about the running of the Company, or a proposed action, these were recorded in the Board minutes. Upon resignation, a Non-Executive Director with any such concerns was able to circulate them to the Board via a written statement to the Chair.

The Board delegated certain functions to committees, as set out below. However, the Board took direct responsibility for the review and monitoring of key areas, such as risk management. Throughout the year under review, all Directors had access to the Company Secretary, who was responsible for ensuring that Board procedures were followed.

There was a procedure in place enabling any Director, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

In addition to their attendance at meetings of the Board and of those committees of which they were members, all Directors were encouraged to attend meetings of those committees of which they were not members. Attendance of Directors at Board and Committee meetings during the year was as follows:

	Board (4 meetings) Number attended of meetings held while a Director	Audit, Risk and Security Committee (4 meetings) Number attended of meetings held while a Director	Remuneration Committee (2 meetings) Number attended of meetings held while a Director	Nominations Committee (2 meetings) Number attended of meetings held while a Director
Neil Brocklehurst	3/3	[1](3/3)	[1](2/2)	[1](2/2)
Simon Burke	3/3	3/3	[1](1/1)	[1](1/1)
Robert Chvátal	4/4	[1](4/4)	[1](2/2)	2/2
Lord Coe CH KBE	2/3	[1](1/3)	[1](0/2)	[1](1/2)
Amanda Horton-Mastin	3/3	[1](2/2) and (1/1)	[1](2/2)	2/2
Katarína Kohlmayer	3/4	[1](4/4)	2/2	[1](2/2)
Sir Keith Mills GBE DL	3/4	[1](3/4)	[2]1/2	[1](2/2)
Kenneth Morton	4/4	4/4	[1](2/2)	[1](2/2)
Clare Swindell	3/3	[1](3/3)	[1](2/2)	[1](2/2)
Jennelle Tilling	3/3	3/3	[1](2/2)	2/2

The table shows the number of meetings attended by each Director as against the number of meetings he/she was entitled to attend while a Director.

[1] Indicates that the named individual was not appointed to the Committee, followed (in brackets) by the number of meetings attended as against the number of meetings that individual was entitled to attend while a Director.

[2] The members of the Remuneration Committee subsequently agreed to treat as quorate the meeting which Sir Keith was unable to attend.

Under the terms of the third licence, until its expiry all Directors had to be security-vetted before they could be formally appointed to the Board, unless the Gambling Commission had issued a temporary waiver of that requirement in individual cases. Pending this clearance or waiver, those to be appointed were permitted to attend Board and Committee meetings as observers.

During the year under review, the Board delegated its authority to the following Committees:

AUDIT, RISK AND SECURITY COMMITTEE

Chair:
Kenneth Morton (superseded as Chair)
Simon Burke (appointed 4 September 2023)

Members:
Simon Burke (appointed 4 September 2023)
Amanda Horton-Mastin (appointed 19 September 2023, resigned on 31 January 2024)
Kenneth Morton
Jennelle Tilling (resigned on 31 January 2024)

USUAL ATTENDEES

The Co-Chief Executive Officers (until 30 June 2024) and other functional managers, the Director of Finance, the Head of Assurance – Risk & Compliance, the Head of Internal Audit, other functional heads and representatives of the Company's external auditors and shareholders. The composition and independence of the Board is discussed on page 45 and the application of the UK Corporate Governance Code is discussed on pages 53 to 55.

The Committee met four times in the year under review. Its duties are as follows:

AUDIT

The Committee was responsible for ensuring that the system and quality of internal control within the Company, and, in particular, of financial reporting, were to the highest standards, and for ensuring that the interests of the Company's shareholders were safeguarded. The Committee was also responsible for considering how the Company should apply its financial reporting and internal control principles, for maintaining an appropriate relationship with the Company's external auditors (including assessing their independence), and ensuring the independence and effectiveness of the internal audit function.

It also reviewed the Company's financial and accounting policies, any formal announcements relating to its financial performance, and final financial statements and Annual Report (including significant financial reporting judgements contained in them) prior to their submission to the Board, together with management reports on accounting and internal control matters.

Where requested by the Board, the Committee provided advice on whether the final financial statements, taken as a whole, were fair, balanced and understandable, and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

It also reviewed the appointment and terms of reference of the external auditors, and their management representation letter, and considered any other matters raised by the external auditors. In respect of non-audit services, the Committee reviewed the objectivity of the external auditors by reviewing the scope of work for such services to ensure that their independence was safeguarded. It monitored the effectiveness of the Company's financial controls, and internal control and risk management systems. At least once a year, the Committee met separately with the external auditors and the Head of Internal Audit, without any Executive Board members present. The Committee was also responsible for reporting to the Board on how it had discharged its responsibilities.

PricewaterhouseCoopers LLP (PwC) have been the Company's external auditors since 1993.

The Committee considered the relationship with its external auditors was working well and remained satisfied with its effectiveness (taking into consideration relevant UK professional and regulatory requirements). The external audit partner has been rotated regularly and the current partner was in his first year. The external auditors attended all four Committee meetings in the financial year ended 31 March 2024, and the Committee assessed their effectiveness through this regular interaction.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

REPORTING OF SIGNIFICANT ISSUES

As part of its work, the Committee focused on the following significant accounting areas in relation to the financial statements:

Revenue Recognition

Camelot's revenue recognition policy, set out in note 2(d) to the financial statements, was reviewed annually, to ensure it properly reflected the nature of transactions and was in accordance with accounting standards. Internal controls were designed to mitigate against revenue being recorded in the incorrect period. PwC performed detailed audit procedures on revenue recognition and the relevant internal controls, and reported its findings to the Committee. Having reviewed the policy and considered the controls in place, the Committee has concluded that the timing of revenue recognition continues to be in line with International Financial Reporting Standards (IFRS) requirements.

Provisions

In accounting for provisions, judgement was required to assess the probability of outcome, maturity and level of risk. Judgement and estimation were required in the provision methodology and, for certain provisions, consideration of external information on which to base the provision. Details of the accounting policy relating to provisions are set out in note 2(t) to the financial statements.

Provisions made, and the basis on which they have been calculated, are disclosed in note 21. The Committee confirmed the appropriateness of accounting policies relating to provisions. PwC performed detailed audit procedures on provisions, including the appropriateness of any assumptions and reliance on external information, and reported its findings to the Committee.

Licence Compliance

The Committee also continued to focus on, and monitor the controls surrounding, compliance with the operating licence granted by the Gambling Commission and the financial implications of licence non-compliance.

RISK

The Committee assisted the Board in fulfilling its responsibilities for managing the risk associated with the business and markets within which the Company operated, overseeing the internal control framework, and determining the nature and extent of the principal risks the Company was willing to take in order to achieve its long-term strategic objectives. The two core responsibilities of the Committee in respect of risk were to ensure an appropriate framework was provided for managing risks throughout the Company, and to provide an appropriate forum through which the detailed status of risk management was reported to the Board.

During the year, the Committee spent time discussing the risks associated with transition to the fourth licence, as well as other principal risks, including the threat of cyber attack, technology, people and the retailer environment. The Committee also reviewed management's detailed assessment of the risks for the operation of the third licence around transition to the fourth licence in the Company's role as outgoing licensee, and expiry of the licence.

The Committee discussed significant issues with management, both independently and with external auditors.

SECURITY

Through to expiry of the third licence, the Committee was responsible for approving and ensuring adherence to a set of security policies for the implementation and operation of The National Lottery. The Committee was regularly informed of any potential security issues within the Company (including physical, logical and personnel security, and disaster planning). It was also responsible for overseeing the activities undertaken by the Company's Chief Information Officer in respect of security, and for reviewing any major security breaches that were brought to the attention of the Chair of the Committee immediately after they were identified. The Committee also had a standing agenda item relating to data protection matters presented by the Data Protection Officer.

REMUNERATION COMMITTEE

Chair:
Katarína Kohlmayer

Members:
Katarína Kohlmayer
Sir Keith Mills GBE DL

The composition and independence of the Board is discussed on page 45 and the application of the UK Corporate Governance Code is discussed on pages 53 to 55.

The Committee was responsible for establishing a formal and transparent procedure for developing the framework and broad policy for determining the remuneration of the Company's Co-Chief Executive Officers, Independent Non-Executive Directors and employees in management with a senior role in the Company, using both Willis Towers Watson and external market data. In determining those matters, the Committee was required to review workforce remuneration and related policies, and the alignment of incentives and rewards with culture, and take these, and all other factors which the Committee deemed necessary (including different incentives needed in different scenarios), into account.

The Committee was also required to address the need for remuneration arrangements to be clear, simple, proportionate, predictable, aligned to culture, and appropriate in the light of reputational and other risks. The objectives of the broad policy were required to ensure a range of outcomes, including supporting the strategy and promoting the sustainable success of the Company through to licence expiry, ensuring remuneration was aligned to the Company's purpose, values and long-term strategy, enabling the use of discretion to override formulaic outcomes, and avoiding rewarding poor performance. The Committee met two times during the year.

The Committee, which included representation by the shareholder, reviewed and approved the annual bonus arrangements for the financial year ended 31 March 2024, with Executive Directors' and senior managers' performance metrics based on returns to Good Causes, profitability, support of the fourth licence transition and other operational integrity metrics. Through the inclusion of performance metrics, the Committee ensured that reputational and other risks arising from any target-based incentive plan were mitigated.

The Employee Forum received communication and updates on the remuneration arrangements in place for employees each year, and the wider Leadership Team was briefed on the details of the scheme. This included how remuneration aligned with the wider Company pay policy. Bonus awards were capped with a maximum payout, and the scheme had provisions to reduce bonus awards for any under-performance.

In approving arrangements, the Committee reviewed and considered total remuneration for the Executive Directors and senior management. The gender pay gap data was considered by the Committee as part of the regular agenda and progress tracked. The Committee also reviewed retention arrangements.

Willis Towers Watson continued as an advisor to the Company and, in the course of the year, advised it in relation to all staff remuneration (including Co-Chief Executive Officers and Executive Directors) and provided ad hoc support to the People Team. Willis Towers Watson Health & Benefits (part of Willis Towers Watson) acted as the Company's brokers for Life Assurance, PHI and PMI benefits, and dental scheme, and was also the provider of the Company's occupational health/managed care service (the support link between PHI and PMI claims).

NOMINATIONS COMMITTEE

Chair: Robert Chvátal

Members: Jennelle Tilling (resigned 31 January 2024)
Robert Chvátal
Amanda Horton-Mastin (resigned 31 January 2024)

The composition and independence of the Board is discussed on page 45 and the application of the UK Corporate Governance Code is discussed on pages 53 to 55.

Camelot recognised the vital role that Non-Executive Directors play in ensuring high governance standards.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

NOMINATIONS COMMITTEE (CONTINUED)

Through to expiry of the third licence, the Committee was responsible for adopting a formal, rigorous and transparent procedure for the recommendation of new Directors, and for considering and recommending suitable candidates who had the time to commit to the Company, were of appropriate experience, age, qualifications, background and reputation, would provide constructive challenge, strategic guidance and specialist advice, and would hold management to account.

The Committee was required to consider candidates from a wide range of backgrounds, paying due regard to the Board's diversity and inclusion policy. This policy recognised the importance of diversity and inclusion; recorded the Company's commitment to promoting equality of opportunity and inclusion within its organisation, as well as for its players, retailers and wider society; and also confirmed the Company's commitment to have due regard to the benefits of diversity and inclusion on the Board, and the making of appointments based on merit, measured against objective criteria and the aptitude, skills and ability individuals could bring to the business. Through to expiry of the third licence, the Committee comprised a majority of Independent Non-Executive Directors, under the chairmanship of a Shareholder-Nominated Non-Executive Director. Following expiry of the third licence, it is anticipated that the Committee will not meet again in the foreseeable future.

During the financial year ended 31 March 2024, the Committee met twice. Its work centred on Board and senior management succession planning, which were standing items on the Committee's meeting agenda.

Consideration of Board succession provided clarity to the Board as to when new appointments to the Board would need to be addressed. When considering such appointments, typically the Committee consulted with shareholder representatives, the Co-Chief Executive Officers and other members of the Board (including, where relevant, the results of the most recent review of the effectiveness of the Board and its Committees), and appointed an external agency in relation to the search.

At its meetings this year, the Committee considered and recommended the appointment to the Board of a new Independent Non-Executive Director. The Committee also reviewed and monitored the pipeline of individuals who had been identified as potential emergency and/or permanent successors to all members of the Executive Team and other senior management roles. The Committee's focus on Board and senior management succession planning signalled the Board's recognition of, and commitment to, the importance of the development of a diverse and inclusive pipeline of succession to the Board and Camelot's senior management team ahead of the transfer of the Company's staff to Allwyn Entertainment Ltd on expiry of the third licence, and the streamlining of the Board's composition thereafter.

As at:	Female Board Members
31 March 2024	44% (4 out of 9 Board Members)
31 March 2023	44% (4 out of 9 Board Members)
31 March 2022	44% (4 out of 9 Board Members)
24 June 2021	44% (4 out of 9 Board Members)
25 June 2020	50% (4 out of 8 Board Members)
27 June 2019	38% (3 out of 8 Board Members)
1 April 2018	14% (1 out of 7 Board Members)

As at:	Female Executive Team Members
31 March 2024	36% (four of 11 Executive Members)
31 March 2023	33% (four of 12 Executive Members)
31 March 2022	25% (three of 12 Executive Members)
24 June 2021	25% (three of 12 Executive Members)
25 June 2020	25% (three of 12 Executive Members)
27 June 2019	27% (three of 11 Executive Members)
1 April 2018	23% (three of 13 Executive Members)

As at:	Senior Management Gender Balance (ie the Executive Team and their direct reports from grades 3 to 5)
31 March 2024	55% / 45% (Male/Female)
31 March 2023	54% / 46% (Male/Female)
31 March 2022	58% / 42% (Male/Female)
5 May 2021	67% / 33% (Male/Female)
11 May 2020	64% / 36% (Male/Female)
30 May 2019	64% / 36% (Male/Female)
1 April 2018	64% / 36% (Male/Female)

As at:	Employees
31 March 2024	51% / 49% (Male/Female)
31 March 2023	51% / 49% (Male/Female)
31 March 2022	50% / 50% (Male/Female)
24 June 2021	51% / 49% (Male/Female)

BOARD EFFECTIVENESS REVIEW

An externally facilitated review of the Board and its Committees was undertaken in February and March 2022. The review was facilitated by Dr Tracy Long of Boardroom Review Limited. An internally facilitated review was due to be undertaken in February and March 2023 but, in the circumstances, was neither feasible nor appropriate given the replacement of most of the Board on 5 February 2023 on completion of the sale of the Company to Allwyn.

A further internally facilitated review would normally have been undertaken in February and March 2024 but, in the circumstances, the Board, with the support of the sole shareholder, considered that such a review was neither necessary nor appropriate, given the expiry of the third licence on 31 January 2024 (and the associated very substantial reduction in the nature and extent of the Company's responsibilities) and the further changes in Board membership on that date. However, the Chair and the Board as a whole remained vigilant so as to ensure that the Board discharged its duties in a timely, efficient and effective manner.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-Executive Directors were independent of both management and the shareholder, and were initially appointed for a three-year term. The Independent Non-Executive Directors continued to have full access to management, and were encouraged to stay fully abreast of the Company's business through site visits and meetings with senior management.

Appropriate induction briefings were made available to all Directors on appointment, and subsequent training was offered, as necessary, taking into account qualifications and experience.

RELATIONS WITH SHAREHOLDERS

The Company's ultimate parent undertaking and controlling party is Valea Foundation, which also owns the Allwyn group of companies (note 1). Allwyn has majority representation on the Board.

LICENCE COMPLIANCE

The Directors were responsible for establishing an adequate system of control so that assurance was provided over compliance with the provisions of the third operating licence (including a limited number of post-expiry obligations) and Section 6 game licences, and any other provisions imposed by or under any statute which related to the running of The National Lottery or the promotion of any constituent lottery. The system of internal control included the reporting (before, as well as after, expiry of the third licence) of regulatory matters to the Audit, Risk and Security Committee. Internal audits and reviews performed by the Internal Audit function also provided assurance.

RISK MANAGEMENT AND INTERNAL CONTROL

Managing Risks

Under its National Lottery operating licence, Camelot was required to establish and maintain an effective system of corporate governance, internal control and risk management.

Through to expiry of the third licence, Camelot operated a 'three lines of defence' model, with the first line of defence being functions that owned and managed risks, Risk & Insurance and Compliance functions acting as the second line of defence, and Internal Audit acting as the third line.

The purpose of the Risk & Insurance function was to ensure that the Company maintained an enterprise risk management (ERM) process that demonstrated the effective risk management and effective corporate governance processes and compliance expected under its licensing requirements. In addition, it ensured that there were adequate insurances in place to protect the assets of the business. The key outputs from the Risk & Insurance function were the principal risk registers and the functional risk registers to give top-down and bottom-up views of risk.

The Compliance function was responsible for documenting and assessing the effectiveness of compliance activities, as well as conducting internal checks to support an effective control environment across the business. During the year, Camelot continued to operate an effective Self-Assessment programme.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Within Camelot, the review of risk and internal controls was an integrated, embedded management process, and was designed to support management's decision-making.

The purpose of the Internal Audit function was to provide independent and objective assurance by assessing the effectiveness and adequacy of Camelot's internal controls and risk management. This was achieved through a programme of reviews based on a continuous assessment of business risks and controls across Camelot.

Roles and Responsibilities

Board of Directors

The Board carried out a robust assessment of Camelot's emerging and principal risks during 2023/24, by means of the governance described below.

The Board provided oversight of the ERM process to ensure that it continued to be used to help inform, develop and achieve the strategic objectives of the Company.

All Board members were invited to attend all meetings of the Audit, Risk and Security Committee, at which all key risks were reviewed, together with how they were being controlled and monitored by management.

Audit, Risk and Security Committee (ARSC)

The ARSC reviewed management's identification of the significant risks (principal risks) of the Company in accordance with the ERM policy, and the controls in place and being developed to mitigate exposures in line with the agreed risk appetite and tolerance.

The ARSC considered the Company's key risk profile, and the actions taken and controls in place or planned to mitigate exposures. If required, the Committee was able request deep dives to be performed into significant risks to ensure that management focus and mitigations remained appropriate.

Compliance and Risk Committee (CRC)

Through to expiry of the third licence, the CRC was a sub-committee of the Executive Committee, where the risk appetite and tolerance statement was proposed, the overall risk position of the Company was considered, the effectiveness of the current ERM process was assessed and any changes were driven forward. The CRC met regularly, and prior to each ARSC meeting, to review and assess the Company's key risks for communication to the Executive and then the ARSC. The Committee also provided a forum for sharing strategic decisions that could impact risk management, and for improving the overall Company control environment.

Risk Owners

Risk Owners were typically the senior managers responsible for the Company's functions/ operational teams and were responsible for ensuring that the ERM process was followed.

Risk Management Process

The ERM process and systems of internal control were designed to manage, rather than eliminate, risk and to ensure that the Company's strategic objectives were achieved. The high level of risk awareness in Camelot, together with risk reporting to the Board, allowed the Board to ensure that focused steps were taken to address risk exposures.

The ERM process applied the principle of identifying risk from a strategic, operational and external perspective (top-down), along with an understanding of the departmental risk registers (bottom-up). This approach is summarised in the five steps below. These steps required input from all departments within the Company, and facilitated management's understanding of the risks facing their departments, and managing these risks within the risk appetite/tolerance established by senior management and agreed by the Board and ARSC.

1. Risk Identification
   Risks were identified by each function, classifying risks into eight main risk categories under a common taxonomy (see Risk Categories and Risk Appetite section). Each identified risk was recorded in a risk mitigation plan, and assessed for impact on the organisation and likelihood of occurrence.

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Risk Management Process (continued)

2. Risk Assessment and Measurement
   Risk assessment included consideration of (a) the likelihood of the risk and (b) the impact of the risk occurring on the achievement of Camelot's objectives within a specified timeframe.
3. Risk Response and Action
   For each identified risk, the business unit/ function was required to establish a 'response' to manage the risk based upon the agreed risk appetite and tolerance for that risk category.
4. Monitoring
   Risk and response activities were monitored by the Risk Owner on a regular basis to ensure that their risks remained within tolerance.
5. Reporting
   The Board, ARSC and CRC required the results of the ERM process to be periodically reported to them in their oversight capacity, and to gain assurance that risks were being proactively managed (and mitigated) within the approved risk tolerance levels.

Risk Categories and Risk Appetite

All risks identified were allocated to one or more of the risk categories below:

- Strategic
- Financial
- Commercial
- Operations
- Security (including information security)
- People
- Legal and Regulatory
- Reputation and Brand

The Company's risk appetite, which was set by the Board, clearly articulated the amount of acceptable risk within which the Company could operate. This risk appetite provided direction and boundaries for consistent, measured, risk-aware decision-making throughout the business, and guided the Company in taking the right level of risk. A scale of low to extreme illustrated the range of risk appetite, as well as risk tolerance, across each of the eight categories of risk. For example, the Company might have taken more risk in the pursuit of commercial objectives than it would have done with respect to legal or regulatory requirements.

Internal Control

There were no changes in the Company's internal control over financial reporting that occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's quality of financial reporting.

UK Corporate Governance Code

The Board of Camelot was committed to the principles of good governance set out in the UK Corporate Governance Code and adopted those that were relevant to its circumstances.

In doing so, the Board was mindful of the broad stakeholder responsibilities of the Company arising from the operation and promotion of The National Lottery through to expiry of the third licence and the limited extent and nature of its obligations following expiry of the third licence on 31 January 2024, alongside its responsibility to its shareholder.

In adopting the principles and practice of the Code, the Board took particular account of the fact that the Company's sole shareholder was represented on the Board, enabling shareholder matters to be addressed and considered. Accordingly, the Board considered that many of the Code's provisions relating to a public company's responsibilities to protect shareholders' interests and to communicate to shareholders were not relevant to the Company, and it believes that robust governance has been maintained appropriately in the context of its ownership and following expiry of the third licence.

Those areas where the Board chose to depart from the provisions of the Code during the year are set out below. (Condition 14.2 of the third licence – which required the Company to comply with the Code except to the extent agreed by the Gambling Commission – ceased to apply to the Company on expiry of the third licence on 31 January 2024, and so reference below to any waiver by the Commission relates only to the period ended 31 January 2024.)

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

UK Corporate Governance Code (continued)

Provision 3 states that "in addition to formal general meetings", the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. The Company is effectively owned by one shareholder, which has representation on the Board and has determined that the Company will not hold an annual general meeting. The Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 3 of the Code.

Provision 11 states that at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent. From 5 February 2023, excluding the Chair, only three of the then remaining eight Directors were Independent Non-Executive Directors until an additional Independent Non-Executive Director (Simon Burke) was appointed to the Board on 4 September 2023. With effect from 5 February 2023, the Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 11 of the Code.

In addition, the Company's articles of association were amended in July 2023 so as to provide that each Non-Executive Director participating in a meeting would have two votes, and each Executive Director (until 31 January 2024, being the Co-Chief Executive Officers up to that date) would have one vote, so that, following appointment of the additional Independent Non-Executive Director on 4 September 2023, the independent Directors as a group had a majority of votes (the independent Chair also having an additional casting vote in that capacity).

Following expiry of the third licence, the Board (excluding the independent Chair) has comprised one Independent Non-Executive Director and three Shareholder-Nominated Non-Executive Directors (officers of Allwyn group entities). The Board considers that such composition of the Board, which has been determined with the consent of the Company's sole shareholder, is appropriate in all of the circumstances.

Provision 18 states that all Directors should be subject to annual election by shareholders. Because Camelot's C preference shareholders have the exclusive right to appoint or remove each of the Company's Directors, these provisions are not appropriate. The Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 18 of the Code.

Provision 21 states that there should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 21 of the Code given the proximity to the end of the licence.

A further internally facilitated review would normally have been undertaken in February and March 2024 but, in the circumstances, the Board, with the support of the sole shareholder, considered that such review was neither necessary nor appropriate, given the expiry of the third licence on 31 January 2024 (and the associated very substantial reduction in the nature and extent of the Company's responsibilities) and the further changes in Board membership on that date. However, the Chair and the Board as a whole remained vigilant so as to ensure that the Board discharged its duties in a timely, efficient and effective manner.

Provision 30 requires a board to report in annual and half-yearly financial statements whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

Given the Company's existing reporting obligations, it being owned ultimately by a single shareholder and the high degree of oversight of its operations and post-licence expiry activities by the Gambling Commission, it is not appropriate for the Directors to report on a half-yearly basis. The Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 30 of the Code.

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

UK Corporate Governance Code (continued)

Provisions 32 and 24 relate to the composition of the Remuneration and Audit Committees respectively. The provisions set out that the Remuneration and Audit Committees should comprise Independent Non-Executive Directors.

- During 2023/24, the Remuneration Committee comprised a Non-Executive Director who is the CFO of a parent undertaking of the Allwyn Group and Company. They are therefore not deemed to be independent (although each is independent of management). Under the Company's Articles of Association, the right to appoint the members of the Remuneration Committee is reserved exclusively for the C preference shareholders and so the provision is not relevant to the Company.
- During 2023/24, until 4 September 2023 the Audit, Risk and Security Committee contained two Non-Executive Directors, one of whom was independent and the other of whom (who also chaired the Committee) was an officer of Allwyn and therefore not independent under the terms of the Code (though he was independent of management). An additional Independent Non-Executive Director (Simon Burke) was appointed to the Committee (and as its Chair) by the Board on 4 September 2023, and a further Independent Non-Executive Director (Amanda Horton-Martin) was appointed to the Committee by the Board on 19 September 2023.
- Neither of the Executive Directors nor any other member of Camelot staff is a member of these committees. This structure was put in place in order to enable the sole owner to have an appropriate level of engagement in the work of these two committees and was agreed by the Board as a whole, which believes that the Remuneration and Audit Committees are appropriately resourced. The Gambling Commission waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with these two provisions of the Code in respect of (a) the presence of non-independent Non-Executive Directors on these committees; (b) the number of Non-Executive Directors (two rather than three) on the Remuneration Committee; and (c) there being only one Independent Non-Executive Director (and, following the appointments of the additional Independent Non-Executive Directors referred to above, two rather than three Independent Non-Executive Directors) on the Audit, Risk and Security Committee.

The Gambling Commission's waivers referred to above were (until expiry of the third licence, when Condition 14.2 ceased to apply to the Company) subject to two conditions:

- the Commission was to be promptly notified by the Chair, or his nominee, if a Board decision was taken which was voted against by two or more of the Independent Non-Executive Directors; and
- any proposed changes to the Company's Board structure required the Commission's prior written consent.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMELOT UK LOTTERIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Camelot UK Lotteries Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2024; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the company, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the company financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

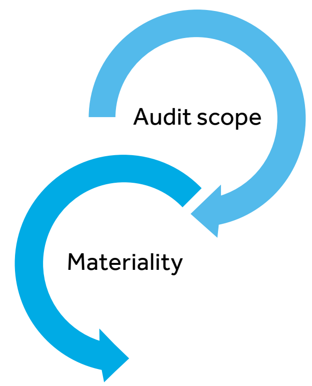
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2a to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Our audit approach

Overview



- The scope of our audit covers a single legal entity, whose operations are solely in the UK.

- Overall materiality: £11.7 million (2023: £7.1 million) based on 2% (2023: 1%) of net income.
- Performance materiality: £8.8 million (2023: £5.3 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

Implications of the end of the license to operate the UK National Lottery, which was a key audit matter last year, is no longer included because implications of the end of National Lottery license have not changed since last year and the license ended on 31 January 2024.

We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The scope of our audit covers a single legal entity, whose operations are solely in the UK, with the audit conducted by one team.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMELOT UK LOTTERIES LIMITED (CONTINUED)

Our audit approach (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£11.7 million (2023: £7.1 million).
How we determined it	2% (2023: 1%) of net income
Rationale for benchmark applied	We have applied this benchmark as it is our understanding that net income is a principal measure monitored by the company's shareholder in assessing the financial performance of the company. The percentage of benchmark applied is higher this year as the company is no longer a significant component of a UK Public Interest Entity group.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £8.8 million (2023: £5.3 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £583,000 (2023: £350,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMELOT UK LOTTERIES LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of the Third National Lottery Licence, granted by the UK Gambling Commission and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgments made by management in significant accounting estimates, to address the risk of management bias;
- Review of meeting minutes of the Audit, Risk and Security Committee, Board of Directors and other committees, and review of internal audit reports; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue to ensure they are appropriate.

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

18 June 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £m	Restated 2023 £m
Gross ticket sales	3	6,562.6	8,190.3
Lottery Duty		(787.6)	(982.8)
Prizes		(3,749.8)	(4,694.0)
National Lottery Distribution Funds		(1,441.3)	(1,807.0)
Net income		583.9	706.5
Retailers' and other commission		(214.0)	(268.3)
Gaming systems and data communication costs		(95.8)	(126.4)
Gross profit		274.1	311.8
Administrative expenses		(177.7)	*(205.8)
Other operating income		2.7	3.5
Operating profit before non-recurring operating items	4	99.1	109.5
Non-recurring income/(expenditure)	5	14.2	*(22.2)
Operating profit after non-recurring operating items		113.3	87.3
Finance income	7	7.4	3.9
Finance costs	7	(1.2)	(2.3)
Profit before income tax		119.5	88.9
Income tax	8	(42.8)	(15.0)
Profit for the financial year and total comprehensive income attributable to owners of the Company after tax		76.7	73.9

The results detailed above are all derived from discontinued operations.
The current year trading results are for the 10 month period to the end of the third licence.

*Restatement to the prior year has been made to the financial statements. Please refer to note 5.

The notes on pages 66 to 95 are an integral part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Intangible assets	10	-	15.0
Property, plant and equipment	11	-	0.4
Right-of-use assets	12	-	8.1
Deferred taxation	20	-	18.3
		-	41.8
Current assets			
Inventories	13	-	1.8
Trade and other receivables	14	4.5	578.0
Current income tax receivable		0.6	0.3
Cash and cash equivalents	15	72.2	212.7
		77.3	792.8
Total assets		77.3	834.6
LIABILITIES			
Non-current liabilities			
Financial liabilities	18	-	0.5
		-	0.5
Current liabilities			
Financial liabilities	18	0.2	9.5
Trade and other payables	19	39.4	746.7
Provisions for liabilities and other charges	21	1.4	28.3
		41.0	784.5
Total liabilities		41.0	785.0
EQUITY			
Capital and reserves			
Share capital	22	0.0	0.0
Retained earnings	23	36.3	49.6
Total equity		36.3	49.6
Total equity and liabilities		77.3	834.6

The notes on pages 66 to 95 are an integral part of these financial statements.

The financial statements on pages 62 to 65, as well as the accompanying notes, were approved by the Board of Directors on 18 June 2024 and were signed on its behalf by:

Sir Keith Mills GBE DL
Chair

Camelot UK Lotteries Limited
Company Number 02822203

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Note	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 1 April 2022		**0.0**	**78.0**	**78.0**
Comprehensive income				
Profit for the financial year		-	73.9	73.9
Total Comprehensive Income		-	**73.9**	**73.9**
Transactions with owners				
Dividends paid	9	-	(102.3)	(102.3)
Total transactions with owners		-	**(102.3)**	**(102.3)**
Balance as at 31 March 2023		**0.0**	**49.6**	**49.6**
Comprehensive income				
Profit for the financial year		-	76.7	76.7
Total Comprehensive Income		-	**76.7**	**76.7**
Transactions with owners				
Dividends paid	9	-	(90.0)	(90.0)
Total transactions with owners		-	**(90.0)**	**(90.0)**
Balance as at 31 March 2024		**0.0**	**36.3**	**36.3**

At 31 March 2024, the Company had £1,000 of ordinary 'A' class share capital (2023: £1,000) and £10 of preference 'C' class share capital (2023: £10), as disclosed in note 22 to these financial statements.

The notes on pages 66 to 95 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 Total £m	2023 Total £m
Cash flows from operating activities			
Cash (used in)/generated from operations	24	**(19.5)**	148.6
Interest received		**7.4**	3.9
Interest paid		**(1.2)**	(2.3)
Income tax paid		**(11.2)**	(21.4)
Group relief payments (paid)/received		**(10.8)**	4.4
Net cash (used in)/from operating activities		**(35.3)**	**133.2**
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(0.2)**	(0.5)
Expenditure on intangible assets		**(5.7)**	(7.3)
Net cash used in investing activities		**(5.9)**	**(7.8)**
Cash flows used in financing activities			
Dividends paid to shareholders		**(90.0)**	(75.5)
Principal lease payments		**(9.3)**	(10.5)
Net cash used in financing activities		**(99.3)**	**(86.0)**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(140.5)**	**39.4**
Cash, cash equivalents and bank overdrafts at the beginning of the year		**212.7**	173.3
Cash, cash equivalents and bank overdrafts at the end of the year	**15**	72.2	**212.7**

The notes on pages 66 to 95 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Camelot UK Lotteries Limited ('the Company' or 'Camelot') operated and promoted The United Kingdom National Lottery to the end of the third licence period ending 31 January 2024. The Company operated in the United Kingdom and Isle of Man.

The Company is a private company limited by shares incorporated and domiciled in the United Kingdom. The address of its registered office is Camelot UK Lotteries Limited, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

In February 2023, Camelot was acquired by Allwyn International a.s. Its immediate parent is Allwyn UK Holding B Ltd.

The Company's ultimate shareholder is Valea Foundation, whose registered office is Vaduz, n.a., 9490, Liechtenstein. The largest group of undertakings in which the results of the Company are consolidated is that headed by KKCG AG, whose registered office is Kapellgasse 21, 6004 Luzern, Switzerland. The consolidated financial statements of this group are not available to the public. The smallest group in which the results of the Company are consolidated is that headed by Allwyn International a.s., whose registered office is Evropská 866/71, 160 00 Prague and whose financial statements are available at www.allwynentertainment.com/investors/sazka-group-debt-investor-hub/financial-reports.

The Company reached the end of the third National Lottery licence on 31 January 2024. Camelot transferred all lottery assets to Allwyn Entertainment Ltd for nil consideration in line with the requirements of the third licence (see notes 10, 11 and 12), which had an associated impact causing the release of a deferred taxation asset (note 8). Amounts in relation to trust and other receivables (note 14) and related liabilities (note 19) were also transferred to the incoming operator, in line with licence requirements, to enable the continuing operation of the National Lottery. Overall this resulted in a net transfer to Allwyn Entertainment Ltd of £17.5m (note 27).

In addition, all retained staff of the Company transferred to the new licensee through a Transfer of Undertakings (Protection of Employment) Regulations (TUPE) process.

Following the end of licence, Camelot continues to operate in order to finalise and report upon its various, albeit limited, post expiry licence obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements for the year ended 31 March 2024 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with both UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities at fair value through the Statement of Comprehensive Income.

In September 2022, Camelot withdrew its legal challenge relating to the Gambling Commission's decision to announce Allwyn Entertainment Ltd as the preferred applicant to operate the fourth National Lottery licence. Subsequently the Gambling Commission formally awarded the fourth National Lottery licence to Allwyn Entertainment Ltd. In February 2023, Camelot was acquired by Allwyn Group, with whom Camelot worked in collaboration on transition to the fourth licence which commenced on 1 February 2024.

As a result of the third licence ending on 31 January 2024, all results set out in the Statement of Comprehensive Income are derived from discontinued operations. The current year trading results are for the 10 month period to the end of the licence, noting that operating expenditure was incurred by Camelot throughout the full year, all of which was exclusively as a direct result of the Company acting as the third licence Licensee.

After making enquiries, the Directors had reasonable expectation that the Company has adequate resources to meet its obligations as they fall due for at least one year following the signing of these financial statements. The assessment has included the finalisation and settlement of all cash flows relating to the end of the third licence and accounting for the various (albeit limited) obligations following expiry of the licence. For more information on how the Directors have assessed viability, refer to the Viability Assessment section in the Directors Report on page 41. Further information on the Company's financial risk management is given in note 17.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

In light of the Gambling Commission's decision to award the fourth National Lottery licence to Allwyn Entertainment Ltd, and commencement of that licence term on 1 February 2024, the Company ceased to trade. Therefore, in preparing its financial statements the Company has adopted a basis other than going concern. The impact on the financial statements of adopting a basis other than going concern is as follows:

- Non-current assets and non-current liabilities have been reclassified to current with the exception of fixed assets which had a useful economic life to the Company which is co-terminus with the end of the licence;
- Consideration has been given to the recoverable value of assets. After conducting the usual annual impairment testing, a non-significant number of fixed assets (all of which had a nil net book value) have been written off. No additional impairment linked to the basis of preparation was deemed to be necessary, resulting in the carrying value of all asset values being stated as if the going concern basis had been adopted; and
- Liabilities which have arisen as a result of the cessation of trade had been fully provided for. Given the obligations associated with the end of the licence are contractual and have been in place during the third licence, change in basis has not caused any additional liabilities to be recorded.

The Company's accounting policies were selected by management considering all applicable international accounting standards as at 31 March 2024.

i) Adoption of new and revised standards in the year:

There were no new accounting standards, or amendments to accounting standards, that are effective for the year ended 31 March 2024, having a material impact on the Company.

ii) New standards, amendments and interpretations not yet adopted:

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2024. The Company has not early-adopted any standard, amendment or interpretation in the year. The Directors are currently evaluating the impact of these new standards on the financial statements but their adoption is not expected to have a material impact on the annual financial statements, and they will be planned for adoption in line with when they are effective. The new standards, amendments and interpretations are:

Amendment to IFRS 16 – leases on sale and leaseback (effective for March 2025 year end).

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (effective for 31 March 2025 year end).

Amendment to IAS 7 and IFRS 7 – supplier finance (effective for 31 March 2025 year end).

Amendments to IAS 21 – lack of exchangeability (effective for 31 March 2025 year end).

New standards: IFRS 18 – presentation and disclosure in financial statements and IFRS 19 – subsidiaries without public accountability (disclosures effective 31 March 2028 year end).

b) Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with applicable international accounting standards requires the use of certain critical accounting assumptions, and it also requires management to exercise its judgement and to make estimates in the process of applying the Company's accounting policies. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are discussed below and in the provisions section in note 2(t).

Judgements

The Directors have concluded that no critical judgements, apart from those involving estimates (which are dealt with separately below), have been made in the process of applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical Accounting Judgements and Estimates (continued)

Estimates

Long-term incentive plans

In the current year, no significant estimates have been made. In 2023, provisions were made for the Company's two long-term incentive plans (LTIP) when the Company had a present legal obligation to incur this cost. The first plan related to a long-term incentive bonus scheme for senior management, which is provided for in line with the Company's performance criteria. The second long-term incentive plan was launched to mitigate against the risk of loss of critical staff. The provision at 31 March 2024 is £nil (2023: £7.6m).

c) Segmental reporting

The Company does not publicly trade its equity or debt securities, and is not in the process of issuing equity or debt securities in public securities markets. The Company is, therefore, outside the scope of IFRS 8 'Operating Segments' and, as such, has not presented operating segment disclosures.

d) Gross ticket sales

Gross ticket sales comprise the wagers placed across a portfolio of games that include draw-based games, Scratchcards and interactive Instant Win Games.

For draw-based games, income is recognised on a draw-by-draw basis, at the point at which the draw takes place. Where players wager in advance, this income is deferred and only recognised in the Statement of Comprehensive Income once the draw has taken place.

Scratchcards ticket income is recognised at the point of settlement by the retailer, with the retailer having the option to pay Camelot for the pack upon the point the pack is opened or they can opt to settle the pack using an average ticket approach. Therefore, settlement is deemed to be the earlier of:

- payment by the retailer;
- when 60% of the lower value prizes have been claimed; or
- 30 days from the opening of a pack of tickets.

Interactive Instant Win Games income is derived from wagers placed on The National Lottery website and is recognised on the date of purchase as the game is played instantly.

e) Lottery Duty

Lottery Duty is 12% of gross ticket sales.

f) Prizes

The draw-based games developed and managed by the Company operate under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. The liability for prizes won is recognised in full at the time of the draw.

To the extent that the actual prizes won on the Lotto and EuroMillions draws vary from the predetermined prize percentage, the relevant prize is carried forward under a Rollover to subsequent draws, except in a 'Must Be Won' draw scenario.

Scratchcard prizes are recognised as a percentage of ticket sales in line with the theoretical prize payout for that game.

Interactive Instant Win Game prizes are based on the actual prizes won for each individual game, at the point at which the sale occurs.

If prizes remain unclaimed for 180 days from either the draw date for draw-based games, the close of a Scratchcard game or the date of play of an interactive Instant Win Game, they are paid to the National Lottery Distribution Fund. These amounts are not charged to the Statement of Comprehensive Income as they are already included as a prize liability. The amount causes a reduction in the prize liability on the balance sheet. There is also an equal reduction in the Operational Trust receivable balance, the account in which money in respect of prizes is held and from which the payment for unclaimed prizes is made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) National Lottery Distribution Fund

The National Lottery Distribution Fund (NLDF) is the central fund from which the National Lottery distribution bodies draw down funds for distributing to Good Causes.

Amounts charged to the Statement of Comprehensive Income represent:

- The amounts arising due to the respective bodies based on cumulative gross ticket sales less Lottery Duty, prizes and commissions. The amounts recognised are calculated in line with the method set out in the third operating licence under which the Company has operated during the year; and
- The profits to be shared with the NLDF as a result of Camelot achieving certain profit targets. This distribution of profits is known as Secondary Contributions and the payments to be made are as set out in the third operating licence.

h) Net Income

Income arises across a portfolio of games that includes draw-based games, Scratchcards and interactive Instant Win Games.

All income is derived from and originates in the United Kingdom and the Isle of Man. The presentation of net income is consistent with common practice within the gaming industry. The Company reports the gains and losses on gaming activities as Net Income. Gross ticket sales comprise the wagers placed across the portfolio of games. Once the game takes place and the outcome is known, Net Income is recognised as gross ticket sales net of Lottery Duty, prize costs and amounts due to the National Lottery Distribution Fund.

i) Retailers' and Other Commissions

The commission rate paid for Scratchcard sales is 6% and 5% for draw-based games. In addition, retailers receive 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. The Post Office was able to validate prizes between £500 and £50,000, until the end of licence.

Amounts charged to the Statement of Comprehensive Income represent commissions arising due to:

- retailers based on sales and in-store prize payments to date;
- the Company's agent in respect of fees paid for the processing of debit card payments which arise when players load or unload money to and from their interactive wallet to enable them to participate in The National Lottery using the interactive channel; and
- other sales-related commissions.

j) Gaming Systems, Data Communication Costs and Administrative Expenses

All gaming systems, data communication costs and administrative expenses are recorded on the Company's Statement of Comprehensive Income as expenses in the year when they were incurred on an accruals basis.

k) Other Operating Income

Other operating income primarily comprises an operating fee receivable from retailers who lease terminals in the estate. In 2023, other operating income included the income received for subletting a London office.

Income is only recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. The operating fee income is recognised on a straight-line basis over the term of the operating lease in line with the Company meeting its performance obligations.

l) Non-recurring Operating Items

In the current year in order to provide more relevant and reliable information to the users of the Financial Statements the following policy for non-recurring items has been adopted.

Where significant expenses or income are incurred that do not reflect the Company's ongoing operations or where their adjustment may help with comparisons to prior periods, these are disclosed as non-recurring operating items in the Statement of Comprehensive Income.

These items include: fourth licence related bid and litigation costs, cost related to changes in shareholder and significant one-off items related to the end of the licence.

For consistency this policy has been retrospectively applied to the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Intangible Assets

All intangible assets are stated at cost less any accumulated amortisation and impairment losses.

Internally generated intangible assets
Costs relating to the development of software and The National Lottery website, including design and content development, are capitalised as intangible assets only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the Statement of Comprehensive Income as incurred. Capitalised development costs are amortised on a straight-line basis over the period gaining economic benefit from the expenditure once the related product is available for use. Research costs are charged to the Statement of Comprehensive Income as incurred. Interactive development costs that relate to channels other than the website are also capitalised on the same basis.

Assets under construction are not amortised until they are brought into use. For assets capitalised prior to 1 April 2021, this is either over four years or the original third licence period which ran to January 2023 and has been applied prospectively. Following an additional extension to the third licence period, assets capitalised from 1 April 2021 were deemed to have a useful economic life through to the end of this extended third licence period and were amortised to January 2024. Management considered the impact of extending the amortisation period to the end of the new third licence extension date of January 2024 for assets capitalised prior to 1 April 2021 and concluded that the impact would not be material to the financial statements. Amortisation for internally generated intangible assets is charged to administrative expenses.

Separately acquired intangible assets
Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised as intangible assets at cost and amortised over their useful economic life. Costs associated with maintaining software are charged to the Statement of Comprehensive Income as incurred.

Amortisation is provided on all intangible assets at such rates as to write off the cost of these assets in equal instalments. For assets capitalised prior to 1 April 2021, this is either over their expected useful lives or the original third licence period which ran to January 2023 and has been applied prospectively. Assets capitalised from 1 April 2021 were deemed to have a useful economic life through to the end of the extended third licence period and were fully amortised to January 2024. Management considered the impact of extending the amortisation period to the end of the new third licence extension date of January 2024 for assets capitalised prior to 1 April 2021 and concluded that the impact would not be material to the financial statements. Amortisation for separately acquired intangible assets is charged to administrative expenses.

The value of separately acquired and internally generated intangible assets capitalised prior to 1 April 2021 is amortised in equal instalments as follows:

Central gaming software, Interactive software and Enterprise Resource Planning software – the period to the end of the original third operating licence or planned replacement date if earlier.

Other software – the shorter of four years and the period to the end of the original third licence.

Impairment of intangible assets
Intangible assets are assessed annually for indicators of impairment. If indicators exist, the Company will assess whether an impairment is required using forecast cash flow information and estimates of future earnings with reference to their useful economic lives. In addition, intangible assets under construction are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. All impairment charges are recognised immediately in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Property, Plant and Equipment

Property, plant and equipment is stated at cost less depreciation. The cost of property, plant and equipment includes the estimated cost of removing and disposing of the terminal assets held at retailer sites. Assets under construction are not depreciated until they are brought into use.

Depreciation is provided on all property, plant and equipment on a straight-line basis to write off the cost of these assets in equal instalments. For assets capitalised prior to 1 April 2021, this is either over their expected useful lives or the original third licence period which ran to January 2023 and has been applied prospectively. Assets capitalised from 1 April 2021 were deemed to have a useful economic life through to the end of the extended third licence period and were fully depreciated to January 2024. Management considered the impact of extending the depreciation period to the end of the new third licence extension date of January 2024 for assets capitalised prior to 1 April 2021 and concluded that the impact would not be material to the financial statements.

The depreciation basis for the principal asset categories for assets capitalised prior to 1 April 2021 are as follows:

Short leasehold improvements – the shorter of the lease period and the period to the end of the original third operating licence.

Plant and equipment
Computer hardware (excluding central gaming) – the shorter of four years or, in the case of leased assets, the lease period, and the period to the end of the original third operating licence.

Central gaming systems, Interactive hardware and Enterprise Resource Planning hardware – the period to the end of the original third operating licence or planned replacement date if earlier, or the lease term for leased assets and associated costs.

Fixtures and fittings – the shorter of five years and the period to the end of the original third operating licence.

Media screens – the shorter of three years and the period to the end of the original third operating licence.

Lottery terminals – the period to the end of the original third operating licence, the lease term or planned replacement date if earlier.

Permanent point of sale equipment (PPOS) – the shorter of two to five years and the period to the end of the original third operating licence.

Other plant and equipment – between two and five years, or planned replacement date or the period to the end of the original third operating licence.

o) Leases and Right-of-Use Assets

At the beginning of an arrangement, the Company assesses whether it is or contains a lease. An agreement is or contains a lease if it transfers the right to control the use of an asset identified by a period of time in exchange for consideration. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company once again assesses if an agreement is or contains a lease only if the terms and conditions of the agreement change.

For an agreement that contains a lease component and one or more additional lease components or other components that are not leases, the Company will distribute the consideration for the agreement to each component of the lease based on the independent relative price of the lease component.

This is based on the price that a lessor or a similar supplier would charge an entity separately for this component or one that is similar and uses observable information and the contractual terms of the agreement.

The Company has opted not to apply the subsequent recognition and measurement requirements indicated in IFRS 16 to short-term leases and those in which the underlying asset has a low value, recognising the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Leases and Right-of-Use Assets (continued)

Initial recognition
At the commencement date, the Company recognises a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost which includes:

(a) the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. If that cannot be readily determined, the Company uses the incremental borrowing rate.

The Company has adopted the portfolio basis of determining discount rates for assets of similar characteristics and applied the following rates on initial recognition:

Property portfolio – 5.5% discount rate

Plant, Equipment and Vehicles portfolio – 11.0% discount rate

These are considered the incremental borrowing rates for these portfolios;

(b) the lease payments made before or after commencement, less the lease incentives received if material;

(c) any initial direct costs incurred by the Company.

Subsequent measurement of the right-of-use asset
Right-of-use assets are stated at cost less depreciation and accumulated impairment losses. Further right-of-use assets are recognised to adjust for extension options which are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Depreciation is provided on all right-of-use assets on a straight-line basis to write off the cost of these assets in equal instalments over the term of their lease or the remaining term of the extended third licence period, if shorter.

If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount is immediately written-down.

Subsequent measurement of the lease liability
The lease liability is measured:

(a) increasing the carrying amount to reflect the interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) measuring the carrying amount again should any changes in the lease be made or where extension options are reasonably certain to be extended (or not terminated).

Interest on the lease liability is charged to finance costs in the Statement of Comprehensive Income.

p) Inventories

Inventories consisted of Scratchcards and consumables (ie terminal rolls, playslips and ribbons). Scratchcards are carried on a unit cost basis and are expensed when the Company recognises the net income for that stock. Consumables were valued at the lower of cost, calculated on the first-in, first-out basis, or net realisable value. Provisions are made for obsolete or slow-moving stock.

q) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. Trade and other receivables are considered credit impaired when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is credit impaired. The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within 'administrative expenses'.

When a trade receivable subsequently becomes uncollectible, it is written off against the loss allowance account, in the period in which this is identified. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the Statement of Comprehensive Income. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Trade and Other Receivables (continued)

In order to protect prize-winners and players, Camelot has set up certain trust accounts operated by The Law Debenture Trust Corporation plc ('the Trust'), which acts as an independent trustee. An amount equivalent to prizes is deposited into a trust account on a weekly basis, as well as monies taken in advance and money held by interactive players in their online wallets. This money is held in trust until paid as a prize, or entered into a draw, and is under the control of the trustee until this time. When a player claims a prize from the Trust, the prize payment is made by Camelot and then claimed back from the Trust. This is deemed to be a third-party transaction between Camelot and the Trust. As such, amounts held in trust reflect the receivable due from the Trust. Interest earned on these accounts, after accounting for trust expenses, is for the benefit of the NLDF.

r) Trade and Other Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

s) Financial Instruments

Exposure to credit, interest rate, currency and liquidity risks that arise in the normal course of the Company's business are minimised by Camelot's policies and controls, as disclosed in note 17.

The following policies for financial instruments have been applied in the preparation of the Company's financial statements:

Cash and cash equivalents
For the purpose of preparation of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and in hand, short-term deposits with an original maturity period of three months or less that are subject to insignificant changes in fair value and certain amounts, classified as borrowings, as detailed below. Short-term deposits invested in Money Market Funds are stated at fair value through the Statement of Comprehensive Income.

Bank overdrafts that are an integral part of the Company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances. If the cash position after the set-off of the overdrafts amounts to a net overdraft, these amounts are classified as borrowings, but are still classified as cash and cash equivalents for the purposes of the Statement of Cash Flows.

Borrowings
Borrowings comprise amounts drawn down against the Company's bank facilities and any bank overdrafts as defined above. They are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

t) Provisions

Provisions are recognised where the Company has legal or constructive present obligations as a result of past events, that will probably require an outflow of resources to settle, and this outflow can be reliably measured, as detailed below.

Provisions were made for the cost of decommissioning terminals, communications equipment held at retailer sites, lottery point of sale equipment held at retailer sites, and the disposal of these assets. A further provision comprises amounts in respect of lost or destroyed terminals.

These provisions were released following Allwyn Entertainment Ltd becoming the fourth licence National Lottery operators from 1 February 2024.

In 2023, provisions were made for the Company's long-term incentive plans (a bonus scheme for senior management and a retention scheme for critical staff) (LTIP) in line with the legal obligation to incur this cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Provisions (continued)

Other provisions primarily relate to; dilapidation provisions being the best estimate of the cost of bringing certain premises back to their original state as required by lease agreements, severance costs and future legal costs where there is a present legal or constructive obligation to incur this cost.

Provisions are discounted when the effect of the time value of money is material.

u) Pensions

The Company operated the Company Personal Pension Plan, a defined contribution scheme. The cost of contributions is charged to the Statement of Comprehensive Income in the year to which it relates.

v) Current and Deferred Income Tax

Current income tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. A temporary difference is a taxable temporary difference if it will give rise to taxable amounts in the future when the asset or liability is settled. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date, and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred income tax assets and liabilities recognised are not discounted. Deferred income tax liabilities and assets are classified as non-current irrespective of the expected timing of the reversal of the underlying taxable temporary difference. Current income tax assets and liabilities are shown separately on the face of the Balance Sheet.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets with current taxation liabilities.

w) Value Added Tax (VAT)

All costs include the attributable value added tax to the extent that it is not recoverable. Sales of lottery tickets are exempt from VAT. Therefore, VAT is not normally recoverable on the Company's costs and is a charge against profits.

x) Share Capital and Dividend Recognition

Ordinary shares, ordinary preference shares and ordinary redeemable shares are shown as equity. Final dividends to the Company's shareholders are recognised when the dividend is approved by the Company's shareholder and, for an interim dividend, when the dividend is paid.

y) Foreign Currency

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in GBP sterling (£m), rounded to £0.1m, which is the Company's functional and the Company's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses are presented within administrative expenses in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z) Non-GAAP Reconciliation

The following non-GAAP measures are used in the Annual Report and Accounts, and are reconciled to the Statement of Comprehensive Income ('SOCI') as follows:

	2024 £m	2023 £m
Returns to or Amounts generated for Good Causes		
National Lottery Distribution Fund per the SOCI	1,441.3	1,807.0
plus unclaimed prizes that would have been previously recognised within Prizes	57.6	70.3
Returns to or Amounts generated for Good Causes	1,498.9	1,877.3
Returns to Society		
Amounts generated for Good Causes as above	1,498.9	1,877.3
plus Lottery Duty per the SOCI	787.6	982.8
Returns to Society	2,286.5	2,860.1
Returns to winners and society		
National Lottery Distribution Fund per the SOCI	1,441.3	1,807.0
plus Lottery Duty per the SOCI	787.6	982.8
plus retailer commission included in Retailers' and other commission in the SOCI	203.3	254.7
plus Prizes per the SOCI	3,749.8	4,694.0
Returns to winners and society	6,182.0	7,738.5
Percentage of gross ticket sales	94%	94%
The percentage of total revenue spent on Operating costs is calculated as follows		
Gaming Systems and data communication costs per the SOCI	95.8	126.4
plus Administrative expenses per the SOCI	177.7	228.0
less Other operating income per the SOCI	(2.7)	(3.5)
Operating costs	270.8	350.9
Percentage of gross ticket sales	4%	4%
Total Funds payable to Good Causes during the year as published on the Gambling Commission's website		
Consists of: Returns to or Amounts generated for Good Causes as above	1,498.9	1,877.3
less Amounts received from the NLDF in respect of marketing for the long-term health of The National Lottery on an accruals basis (note 4)	(70.5)	(76.1)
less Other adjustments under the licence	(0.3)	(4.1)
less Adjustment to recognise the amount below on a cash rather than accruals basis	(24.3)	(5.9)
Total Funds payable to Good Causes during the year as published on the Gambling Commission's website	1,403.8	1,791.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. GROSS TICKET SALES

The Company operated and managed as a single business segment in one geographical area, the United Kingdom and Isle of Man, across a portfolio of games aimed to maximise the reach of The National Lottery. Camelot was the National Lottery operator till 31 January 2024.

Gross ticket sales by type of game are analysed as follows:

	2024 £m	2023 £m
Draw-based games	3,817.7	4,739.4
Scratchcards and interactive Instant Win Games	2,744.9	3,450.9
	6,562.6	8,190.3

4. OPERATING PROFIT BEFORE NON-RECURRING OPERATING ITEMS

Operating profit is stated after crediting/(charging) the following items:

	2024 £m	2023 £m
Other operating income [1]	2.7	3.5
Marketing expenses [2]	(69.9)	(86.1)
Research	(3.8)	(4.3)
Amortisation on intangible assets (note 10)	(20.7)	(22.7)
Depreciation on property, plant and equipment (note 11)	(0.6)	(10.8)
Depreciation on right-of-use assets (note 12)	(7.6)	(12.1)
Fees payable to the Company's auditors and its associates for the audit of financial statements	(0.8)	(0.6)
Fees payable to the Company's auditors and its associates for audit-related assurance services	-	-

[1] Other operating income in the current year primarily relates to operating fee income receivable from retailers. Other operating income in the prior year primarily comprised of operating fee income receivable from retailers and income received for subletting a London office.

Operating fee income receivable from retailers relates to retailers who leased Compact Lottery Terminals (CLT) in the estate and is recognised on a straight-line basis over the term of the agreement. All other operating income is only recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured.

[2] Marketing is shown net of amounts received from the NLDF during the year of £70.5m (2023: £76.1m) in respect of marketing to support the long-term health of The National Lottery.

5. NON-RECURRING INCOME/(EXPENDITURE)

	2024 £m	2023 £m
Restructuring and settlement costs	-	(9.1)
Fourth licence bid and litigation cost	0.4	(13.1)
Unused decommissioning provision	13.8	-
	14.2	(22.2)

The separate reporting of non-recurring income and expenditure helps to provide an indication of the Company's underlying trading performance. Historically the amounts were reported under administrative expenses rather than being separately disclosed in the Statement of Comprehensive Income.

5. NON-RECURRING INCOME/(EXPENDITURE) (CONTINUED)

Restructuring and settlement costs relates to costs incurred by the Company due to the sale of the Company by its previous shareholder to Allwyn and costs paid as settlement for key management personnel who left the organisation at that time.

Fourth licence bid and litigation costs are costs the Company incurred directly related to Camelot's fourth licence bid activity incurred up until the date that the fourth licence Enabling Agreement was signed between Allwyn Entertainment Ltd and the Gambling Commission in September 2022. It also includes the Company's costs of litigation and settlement relating to the fourth licence bid challenge.

Unused decommissioning provision amounts relate to unused provisions for decommissioning of primarily terminals and related infrastructure at the end of the licence.

Administrative expenses prior to adjusting for non-recurring items is £163.5m (2023: £228.0m). Further information on non-recurring operating items is given in note 2(l).

6. EMPLOYEE EXPENSES AND NUMBERS

	2024 £m	2023 £m
Employee expenses		
Wages and salaries	61.8	77.9
Social security costs	6.8	9.4
Other pension costs	3.1	3.5
	71.7	90.8

	2024 Number	2023 Number
Monthly average number of Camelot employees		
Retailer and consumer services	131	123
Sales and marketing	537	570
Information technology	167	170
Finance, administration and other	136	186
	971	1,049

Employee numbers and costs include some employees who perform, or partly perform, services for a fellow Group company. An agreed cost recharge structure for these costs is in place.

	2024 £m	2023 £m
Key management personnel compensation		
Short-term employee benefits	9.9	10.4
Other long-term benefits	1.5	4.9
Post-employment benefits	0.3	0.5
	11.7	15.8

The key management personnel compensation detailed in the above table excludes amounts paid to Non-Executive Directors of £0.5m (2023: £2.2m). The amounts above include compensation for the 9 individuals (2023: 16) who have been or are members of the UK Executive Board employed by Camelot UK Lotteries Limited during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. EMPLOYEE EXPENSES AND NUMBERS (CONTINUED)

	2024 £m	2023 £m
Directors' emoluments		
Salaries and short-term employee benefits	2.9	6.7
Long-term incentive plans	0.5	3.2
Other pension costs	0.1	0.1
Aggregate emoluments	3.5	10.0

	2024 £m	2023 £m
Highest-paid Director's emoluments		
Salaries and short-term employee benefits	1.2	3.7
Long-term incentive plans	0.3	3.1
Other pension costs	0.1	0.1
Aggregate emoluments	1.6	6.9

At 31 March 2024, the Board comprised five members: the Chair (Sir Keith Mills GBE DL), one additional independent non-executive director and three shareholder-nominated non-executive directors.

Clare Swindell was the highest paid director in 2024, receiving £1.6m for her services as director from Camelot UK Lotteries Limited. Clare was appointed Co-Chief Executive Officer in February 2023. She resigned from the Board on 1 February 2024.

Nigel Railton was the highest paid director in 2023 when he received payments of £6.9m for his services as director from Camelot UK Lotteries Limited. Nigel was appointed Chief Executive Officer in November 2017 and, on leaving the Company, he resigned from the Board on 5 February 2023. His emoluments in 2023 included the immediate vesting of long-term incentive plans.

At the end of the financial year, no directors (2023: none) were members of the Group money purchase pension scheme.

Long Term Incentive Plans have been in place since 2009 and ran through to 2024. Both short term and long term incentive plans follow industry best practice with stretching targets and measurable performance.

7. FINANCE INCOME AND COSTS

	2024 £m	2023 £m
Interest receivable from bank deposits	7.4	2.3
Interest receivable on loan due from Premier Lotteries UK Limited	-	1.6
Finance income	7.4	3.9
Interest payable on other loans	(0.3)	(0.5)
Interest payable on leases	(0.9)	(1.8)
Finance costs	(1.2)	(2.3)
Net finance income	6.2	1.6

Interest payable on leases relates to £0.9m interest on leases brought on to the Balance Sheet due to IFRS 16 (2023: £1.8m).

8. INCOME TAX

a) UK corporation tax

	2024 £m	2023 £m
Current income tax for the year	24.7	19.9
Adjustments in respect of prior years	(0.2)	(0.9)
Total current tax	24.5	19.0
Deferred income tax credit/(charge) for the year	15.6	(3.2)
Adjustments in respect of prior years	2.7	0.2
Changes in applicable tax rate	-	(1.0)
Total deferred tax	18.3	(4.0)
Income tax expense	42.8	15.0

The rate of UK corporation tax reflected in these financial statements is 25% (2023: 19%) . The Company has calculated the deferred tax impact on temporary differences at 25%. At 31 March 2024, the deferred tax balance was £nil (2023: £18.3m asset).

b) Reconciliation of tax expense

	2024 £m	2023 £m
Profit before income tax	119.5	88.9
Income tax on profit on ordinary activities at the standard rate of 25% (2023: 19%)	29.9	16.9
Permanent adjustments	10.4	(0.2)
Adjustments in respect of prior years	2.5	(0.7)
Effect of rate change	-	(1.0)
Income tax expense	42.8	15.0

The permanent adjustment set out in the reconciliation of tax expense above primarily relates to the release of deferred taxation in respect of the transfer of fixed assets, at nil value, to Allwyn Entertainment Ltd at the end of the third licence.

9. DIVIDENDS

	2024 £m	2023 £m
Interim dividends paid to shareholders for aggregate ordinary class 'A' shares and class 'C' preference shares	90.0	102.3
	90.0	102.3

Dividend per share for the year was £89,109 (2023: £101,292). No final dividend was recommended (2023: none).

In 2023, from the total dividends paid to shareholders, £26.8m was settled as a non-cash dividend via intercompany settlement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INTANGIBLE ASSETS

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2022	15.0	122.6	**137.6**
Additions	0.3	7.0	**7.3**
Disposals	(0.1)	(1.0)	**(1.1)**
At 31 March 2023	15.2	128.6	**143.8**
Accumulated amortisation			
At 1 April 2022	13.6	93.6	**107.2**
Charge for the year	1.0	21.7	**22.7**
Disposals	(0.1)	(1.0)	**(1.1)**
At 31 March 2023	14.5	114.3	**128.8**
Net book value at 31 March 2023	**0.7**	**14.3**	**15.0**

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2023	15.2	128.6	**143.8**
Additions	0.0	5.7	**5.7**
Disposals	(15.2)	(134.3)	**(149.5)**
At 31 March 2024	-	-	**-**
Accumulated amortisation			
At 1 April 2023	14.5	114.3	**128.8**
Charge for the year	0.7	20.0	**20.7**
Disposals	(15.2)	(134.3)	**(149.5)**
At 31 March 2024	-	-	**-**
Net book value at 31 March 2024	**-**	**-**	**-**

The intangible assets balance represents internally generated and separately acquired assets relating primarily to the development of software. No assets were impaired in the year (2023: £nil). Amortisation is charged to administrative expenses.

Intangible assets include £nil (2023: £0.6m) assets under construction.

At the end of the third licence period, intangible assets were disposed in Camelot and majority were transferred to Allwyn Entertainment Ltd as the incoming operator of the National Lottery for the fourth licence.

11. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold improvements £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2022	3.2	216.6	**219.8**
Additions	-	1.5	**1.5**
Disposals	-	(0.5)	**(0.5)**
At 31 March 2023	3.2	217.6	**220.8**
Accumulated depreciation			
At 1 April 2022	3.2	206.9	**210.1**
Charge for the year	-	10.8	**10.8**
Disposals	-	(0.5)	**(0.5)**
At 31 March 2023	3.2	217.2	**220.4**
Net book value at 31 March 2023	**-**	**0.4**	**0.4**

	Short leasehold improvements £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2023	3.2	217.6	**220.8**
Additions	-	0.2	**0.2**
Disposals	(3.2)	(217.8)	**(221.0)**
At 31 March 2024	-	-	**-**
Accumulated depreciation			
At 1 April 2023	3.2	217.2	**220.4**
Charge for the year	-	0.6	**0.6**
Disposals	(3.2)	(217.8)	**(221.0)**
At 31 March 2024	-	-	**-**
Net book value at 31 March 2024	**-**	**-**	**-**

Plant and equipment includes £nil (2023: £0.3m) assets under construction.

At the end of the third licence period, plant and equipment assets were disposed in Camelot and majority were transferred to Allwyn Entertainment Ltd as the incoming operator of the National Lottery for the fourth licence.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. RIGHT-OF-USE ASSETS

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
Cost			
At 1 April 2022	21.4	38.3	**59.7**
At 31 March 2023	21.4	38.3	**59.7**
Accumulated depreciation			
At 1 April 2022	13.9	25.6	**39.5**
Charge for the year	4.4	7.7	**12.1**
At 31 March 2023	18.3	33.3	**51.6**
Net book value at 31 March 2023	**3.1**	**5.0**	**8.1**

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
Cost			
At 1 April 2023	21.4	38.3	**59.7**
Change in value	(0.5)	-	**(0.5)**
Disposals	(20.9)	(38.3)	**(59.2)**
At 31 March 2024	-	-	**-**
Accumulated depreciation			
At 1 April 2023	18.3	33.3	**51.6**
Charge for the year	2.6	5.0	**7.6**
Disposals	(20.9)	(38.3)	**(59.2)**
At 31 March 2024	-	-	**-**
Net book value at 31 March 2024	**-**	**-**	**-**

The right-of-use assets represents property, plant and equipment and motor vehicle assets held under leases.

Depreciation of £3.3m (2023: £6.9m) is charged to administration expenses and £4.3m (2023: £5.2m) is charged to Gaming Systems and Data Communication costs. Of the total depreciation charge, £nil (2023: £1.8m) relates to those assets capitalised prior to 1 April 2019 and £7.6m (2023: £10.3m) to those brought onto the Balance Sheet due to IFRS 16.

Right-of-use assets were fully disposed in Camelot and not transferred to Allwyn Entertainment Ltd as the incoming operator of the National Lottery for the fourth licence.

13. INVENTORIES

	2024 £m	2023 £m
Scratchcard tickets	-	0.7
Playslips, terminal rolls and other consumables	-	1.1
At 31 March	**-**	1.8

Inventory consumed during the year amounted to £19.6m (2023: £24.0m). No provision has been raised or reversed against the inventory balance in the current year (2023: £nil). At the end of the third licence period, some inventory was sold to Allwyn Entertainment Ltd at a cost of £0.2m; the remaining inventory was transferred at no cost.

14. TRADE AND OTHER RECEIVABLES

a) Current assets

	2024 £m	2023 £m
Trust receivables	**0.0**	530.4
EuroMillions Deposit	-	5.2
Trade receivables	**0.7**	32.0
Accrued income	-	0.7
Other receivables	**3.3**	0.0
Prepayments	**0.5**	9.6
Amounts due from related parties	-	0.1
At 31 March	**4.5**	578.0

Trust receivables comprise the amounts due from the Trust to Camelot for unpaid prizes of £nil (2023: £436.7m). No amount is held in respect of future draws both in the form of advance sales and interactive wallet balances (2023: £93.7m).

At 31 March 2023, Camelot had on deposit £5.2m of funds in a restricted cash trust account as a reserve related to insurance arrangements for the protection of prize-winners under the EuroMillions Community agreements, these funds having been released at the of the expiry of third operating licence period. Until the funds were released, interest on these accounts accrued to Camelot.

Until the expiry of the third operating licence period, the Camelot Cash Reserve was a requirement under the UK Trust Deed for Camelot to maintain an aggregate balance of £5m between the Reserve Trust account and the EuroMillions Deposit.

In 2023, trade receivables balance primarily represented the amounts due from retailers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

a) Current assets (continued)

As of 31 March 2024, trade receivables of £0.7m (2023: £32.0m) were not yet due for payment in accordance with the normal payment cycle. The recoverability of trade receivables held with multiple retailers is assessed on the retailers' level of credit risk and a credit loss allowance is recognised accordingly. Balances due from independent retailers are credit impaired when the debt becomes more than one week past due.

Other receivables includes amounts due in respect of the end of licence and finalising gaming balances between Camelot and the incoming operator, Allwyn Entertainment Ltd which are held within the Fourth National Lottery Licence Trust arrangement for release by the Independent Trustee.

Amounts due from related parties are unsecured, interest-free and repayable on demand.

The ageing analysis of gross trade receivables and credit loss allowance is as follows:

	2024 £m	2023 £m
Current	0.7	32.3
7 days to 3 months	-	-
Credit loss allowance	(0.3)	(0.3)
Release credit loss allowance	0.3	-
At 31 March	0.7	32.0

The credit risk policy that the Company operated meant that Camelot minimised its exposure to past due debt.

No trade receivables are more than 30 days past due (2023: £nil). Details of the credit risk policy are provided in note 16 and note 17.

Movements on the Company's credit loss allowance are as follows:

	2024 £m	2023 £m
At 1 April	0.3	0.3
Credit loss allowance recognised during the year	0.2	0.5
Utilised	(0.2)	(0.5)
Unused amounts reversed	(0.3)	-
At 31 March	-	0.3

All movements in the credit loss allowance have been included in administrative expenses in the Statement of Comprehensive Income. Expected credit losses are based on the probability of default in the retailer estate based on previous experience and changes in the wider economic environment.

The other classes within trade and other receivables do not contain credit impaired assets.

The carrying amounts of the Company's trade and other receivables are denominated in GBP Sterling. Amounts due from related parties are interest-free and repayable on demand.

The maximum exposure to credit risk in the prior year was the carrying value of each class of receivable mentioned above. With the exception of the Retailer Bonds £0.2m (2023: £8.4m), the Company did not hold any collateral as security.

15. CASH AND CASH EQUIVALENTS

Cash at bank and in hand comprise Camelot's bank accounts and short-term deposits. Fixed and floating charges have been given in respect of certain Camelot assets to the Trustee and to Camelot's syndicated lenders. Camelot's cash balances can be analysed as follows:

	2024 £m	2023 £m
Cash at bank and in hand	0.0	38.6
Short-term bank deposits	72.2	174.1
At 31 March	72.2	212.7

Amounts held in short-term bank deposits comprise amounts held in either deposit accounts, Money Market Funds or up to 40-day notice accounts with interest earned rates at 31 March 2024 of 0.00% to 5.25% (2023: 0.00% to 4.17%). Deposit accounts and Money Market Funds are redeemable on demand.

The Company's Revolving Credit Facility of £45.4m (2023: £45.4m) ended on 30 October 2023. The amount drawn under this facility was nil in the current and prior year.

16. CREDIT QUALITY OF FINANCIAL ASSETS

External credit ratings are obtained for each trade receivable counterparty at the point at which the Company starts to trade with that retailer to confirm the creditworthiness of the retailer. See note 17 for details on the Company's credit control policy for trade receivables.

External credit ratings are obtained for banks where the Company holds cash and short-term bank deposits. At 31 March 2024, financial assets totalling £72.2m (2023: £109.5m) are held in deposit accounts with banks which have Moody's short-term credit ratings of P1; £nil (2023: £64.6m) are held in an up to 40-day notice account which has a Moody's credit rating of at least P1.

Cash at clearing bank and the trust accounts were held with Royal Bank of Scotland plc, which has a Moody's short and long-term rating of P1 and A2 respectively.

None of the financial assets that are not yet due have been renegotiated in the last year.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above.

17. FINANCIAL RISK MANAGEMENT

Exposure to credit, interest rate, foreign exchange, liquidity and capital risks arise in the normal course of the Company's business. The likely impact of these risks on the Company's performance is deemed to be immaterial and, therefore, no sensitivity analysis has been presented in these financial statements. The risks mentioned below were relevant during the period up to 31 January 2024 whilst the Company was operator of the third licence.

a) Credit risk

Credit risk primarily arises from short-term credit extended to retailers. During the third licence period, credit insurance was held for the vast majority of the Company's multiple store retailers, and management set a credit policy in place and the exposure to credit risk was monitored on an ongoing basis. Credit evaluations are performed on all customers at the point at which the Company starts to trade with that retailer. If the uninsured credit risk exposure is significant, Camelot will request a bond as collateral to protect against any future payment default. This was held for a minimum of two years, during which period payment patterns are monitored. Amounts invoiced to retailers are collected within three working days. If a retailer fails to make payment on the due date, the retailer's terminal is suspended until the debt is cleared. Retailer agreements set out the Company's credit policy for late payments. Further information on expected credit losses is given in note 2(q) and note 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

Camelot continued to review its established credit policy and debt collection processes during the challenging economic climate. Reviews ensured that the policies and processes are appropriate and addressed any additional exposures to increased credit risk. There are no trade receivables due at the balance sheet date given Camelot ceased to operate the National Lottery on 31 January 2024.

The Company's investment policy restricts investment to Money Market Fund deposits or up to 40-day notice accounts, and only with counterparties that have strong credit quality and a strong capacity for timely payment of short-term deposit obligations. Further information on credit quality of financial assets is given in note 16.

The carrying value of financial assets approximates to fair value.

b) Interest rate risk

The Company's £45.4m (2023: £45.4m) Revolving Credit Facility which allowed short-term borrowings at floating rates of interest (SONIA plus 2.0%) ended 30 October 2023. Financial covenants on the level of leverage and interest cover existed on this facility during the period. No funds were drawn down under the facility in the current year (2023: undrawn).

In the financial year 2023, the loan was repaid by Camelot's previous parent company, Premier Lotteries UK Limited. Interest on the loan was charged at a fixed rate of 12.5%.

Short-term bank deposits are predominately in fixed-rate deposit accounts which are redeemable on demand. The average rate of return on deposit accounts used by the Company during the year was 4.26% (2023: 1.48%).

Short-term bank deposits in the financial year 2024 and 2023 were predominately denominated in GBP Sterling.

c) Foreign exchange risk

The Company is exposed to foreign exchange risk on purchases that are denominated in a currency other than Sterling (£). The currency giving rise to this risk is primarily Euros (€). During the year, the Company did not participate in any derivative or hedging contracts due to the minimal volume and value of foreign transactions. Transactions denominated in foreign currencies are accounted for in line with our accounting policy detailed in note 2(y).

Included within Administrative expenses in the Statement of Comprehensive Income are £nil net foreign exchange losses (2023: £nil gains).

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed to ensure that sufficient funding and liquidity is available to meet the expected needs of the Company, together with a prudent level of headroom to allow for cash flow variations.

In addition to its own free cash flow, the Company had a £45.4m (2023: £45.4m) syndicated Revolving Credit Facility (disclosed in note 15) until 30 October 2023. This facility, of which £nil was drawn down during the year (2023: £nil), contained covenants, tested quarterly, including a maximum level of leverage of less than or equal to 2.00 and a minimum level of interest cover of greater than or equal to 2.00, both of which the Company had met. The undrawn level of this facility, together with the Company's cash balances, were the key measures of the Company's liquidity. The Company's cash was subject to regular daily, weekly and monthly cycles that were factored into long-range cash flow forecasts, which was regularly updated and reviewed by management.

Liquidity is centralised through cash pooling arrangements and any surplus cash is deposited with well-rated banks or Money Market Funds, typically for a term of between one day and three months depending on projected cash flow requirements.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed are contractual undiscounted cash flows.

	Mature in less than 1 year £m	Mature between 1 and 2 years £m	Mature between 2 and 5 years £m	Mature in greater than 5 years £m
At 31 March 2023				
Lease liabilities	10.4	0.5	-	-
Trade and other payables	746.7	-	-	-
At 31 March 2024				
Lease liabilities	0.2	-	-	-
Trade and other payables	39.4	-	-	-

Included in amounts under lease liabilities are amounts in respect of property, plant and equipment and motor vehicle leases.

e) Capital Risk

The Company defines capital as total equity. Camelot's objectives when managing capital are to safeguard its ability to trade and meet obligations as they fall due, so that it can continue to provide returns for shareholders. The Company had access to significant credit facilities during the year as disclosed in note 15. This facility ended on 30 October 2023.

f) Financial assets and liabilities at amortised cost and fair value

Financial assets are comprised of:

	2024 £m	2023 £m
Cash and Cash Equivalents	72.2	148.1
Trade and Other Receivables (excluding prepayments)	4.0	568.4
	76.2	716.5

The total carrying value of Financial assets at fair value through profit and loss is £nil (2023: £64.6m), comprising Cash and cash equivalents, specifically Money Market Funds. These Money Market Funds are classified as Level 1 under the fair value hierarchy defined in IFRS 13 Fair Value Measurement. The Directors believe that their carrying value equates to the fair value.

	2024 £m	2023 £m
Trade and Other Payables (excluding advance receipts)	39.4	698.4
Financial Liabilities	0.2	10.0
	39.6	708.4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. FINANCIAL LIABILITIES

a) Current liabilities: amounts falling due within one year

	2024 £m	2023 £m
Lease liabilities	0.2	9.5
At 31 March	0.2	9.5

The carrying value of current financial liabilities approximates to fair value. Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 17(d).

b) Non-current liabilities: amounts falling due after one year

	2024 £m	2023 £m
Lease liabilities	-	0.5

As at the end of the period, there were no lease liabilities held in non-current liabilities (2023: £0.5m fall due after one year, but is not more than five years). Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 17(d).

c) Lease liabilities

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
The Statement of Financial Position includes the following amounts related to leases:			
At 1 April 2022	7.9	12.6	20.5
Non-Cash Movements			
Interest expense related to lease liabilities	0.4	1.4	1.8
Cash Movements			
Repayment of lease liabilities (including interest)	(4.9)	(7.4)	(12.3)
At 31 March 2023	3.4	6.6	10.0

18. FINANCIAL LIABILITIES (CONTINUED)

c) Lease liabilities (continued)

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
The Statement of Financial Position includes the following amounts related to leases:			
At 1 April 2023	3.4	6.6	10.0
Non-Cash Movements			
Disposals	(0.5)		(0.5)
Interest expense related to lease liabilities	0.2	0.7	0.9
Cash Movements			
Repayment of lease liabilities (including interest)	(2.9)	(7.3)	(10.2)
At 31 March 2024	0.2	-	0.2

The total cash outflow for leases in 2024 was £10.2m (2023: £12.3m). As outlined in note 2, extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No leases contain a residual value guarantee clause. Please refer to note 12 for disclosure on the right-of-use assets.

Disposals in the year were relating to the Avalon building and Brett House.

19. TRADE AND OTHER PAYABLES

a) Current liabilities

	2024 £m	2023 £m
Prize liability	-	451.0
Lottery Duty payable	-	85.8
Amounts payable to the NLDF	16.7	32.9
Advance receipts for future draws	-	48.3
Accruals	12.4	44.6
Other payables	1.4	55.0
Trade payables	2.1	28.4
Amounts due to related parties	6.8	0.7
At 31 March	39.4	746.7

The Prize liability represented both unclaimed prizes and amounts planned for future prize payments of which these are £nil at 31 March 2024 having been settled at the end of the third licence. In the prior year, the Company had transferred £436.7m into the relevant trust accounts to meet these liabilities. At 31 March 2023, advance receipts for future draws represented multi-draw and subscription payments relating to future draws for which there is no equivalent at 31 March 2024 following the Company ceasing to operate the National Lottery and any such sales being transferred to the incoming operator at the end of the licence term.

Amounts payable to the NLDF in the current year relates only to the annually calculated amounts due in accordance with the licence. In the prior year, the balance due was higher as the weekly Primary Contribution payment to NLDF was also outstanding.

Other payables in the prior year represented deposits received from, and prizes won by, players which were held in their interactive wallets. In the current year the equivalent amounts were also transferred to the incoming operator at the end of the third licence period. It also included retailer bonds of £0.2m (2023: £8.4m) due to Retailers.

Amounts due to related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. DEFERRED TAXATION

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets with current taxation liabilities. At 31 March 2024 the offset amounts are as follows:

	2024 £m	2023 £m
Deferred tax assets:		
To be recovered after more than 12 months	-	-
To be recovered within 12 months	-	18.3
Deferred tax assets	-	18.3

	2024 £m	2023 £m
Deferred tax liabilities:		
To be settled after more than 12 months	-	-
Deferred tax liabilities	-	-
Deferred tax assets (net)	-	18.3

The gross movement on deferred tax is as follows:

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2022	8.5	5.8	14.3
Credit to the Statement of Comprehensive Income	2.5	0.5	3.0
Changes in applicable tax rate	0.8	0.2	1.0
At 31 March 2023	**11.8**	**6.5**	**18.3**

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2023	11.8	6.5	18.3
Charge to the Statement of Comprehensive Income	(11.8)	(6.5)	(18.3)
At 31 March 2024	-	-	-

21. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

	Terminal and data communication related £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2022	12.9	5.6	4.6	**23.1**
Charge to Statement of Comprehensive Income	0.2	8.2	0.7	**9.1**
Additions	1.0	-	2.4	**3.4**
Released	-	(0.5)	(0.4)	**(0.9)**
Utilised in the year	(0.3)	(5.7)	(0.4)	**(6.4)**
At 31 March 2023	**13.8**	**7.6**	**6.9**	**28.3**

	Terminal and data communication related £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2023	13.8	7.6	6.9	**28.3**
Charge to Statement of Comprehensive Income	-	5.4	1.1	**6.5**
Additions	0.6	-	-	**0.6**
Released	(13.8)	(0.5)	(4.4)	**(18.7)**
Utilised in the year	(0.6)	(12.5)	(2.2)	**(15.3)**
At 31 March 2024	-	-	**1.4**	**1.4**

Provisions have been classified as follows:

	2024 £m	2023 £m
Current	**1.4**	28.3
	1.4	28.3

Terminal and data communications-related provisions included: provision for the cost of decommissioning existing terminals, communications and lottery point of sale equipment held at retailer sites, and disposing of these assets at the end of the third licence extension period; and amounts in respect of lost or destroyed terminals and associated contractual costs.

In 2023, non-cash additions of £1.0m were recognised in terminal and data communications are due to contractual CPI clauses.

These costs were based upon contractual commitments that were in place as at 31 March 2023.

Following the end of third National Lottery licence, some of the provision was utilised with the remaining being released as the contractual commitments no longer exist with all National Lottery assets being transferred to Allwyn Entertainment Ltd.

The long-term incentive plan provision related to amounts payable under two incentive plans. The first was the existing scheme for senior management, provided in line with the Company's performance criteria. The second was the retention scheme launched in the prior year for critical staff. Payments under these schemes were made in the current financial year and no amount in respect of either scheme remained payable at the balance sheet date.

Other provisions primarily relate to; dilapidation provision being the best estimate of the cost of bringing back to their original state as required by lease agreement, and future legal costs where there is a present legal or constructive obligation to incur this cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. SHARE CAPITAL

a) Authorised and allotted share capital as at 31 March:

	2024 £	2023 £
Authorised		
1,000 (2023: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2023: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010

	2024 £	2023 £
Allotted, issued and fully paid		
1,000 (2023: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2023: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010

b) Analysis of shareholding

	Number of 'A' shares	Number of 'C' preference shares	Percentage holdings
Allwyn UK Holding B Ltd	1,000	10	100.0%
At 31 March 2023	**1,000**	**10**	**100.0%**
Allwyn UK Holding B Ltd	1,000	10	100.0%
At 31 March 2024	**1,000**	**10**	**100.0%**

c) Rights and obligations

Income:

In the current year, a fixed dividend of £1,000 per share (2023: £1,000 per share) was distributed to the holders of the 'C' preference shares. The remainder is distributable pro rata among the ordinary 'A' shareholders.

Capital:

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed:
(a) first, in paying to the holders of 'C' preference shares, the sum of £1 in respect of each 'C' Preference share.
(b) second, to the holders of 'A' ordinary shares pro rata among them.

Class consents:

Except with the prior consent or approval in writing of the holders of all of the relevant class of shares, the Company shall not modify or vary the rights attaching to any class of its shares (unless the modification or variation affects all classes of shares similarly).

Voting and other rights:

In respect of the election of Directors, the holders of 'C' preference shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company at which a Director is to be elected, and shall have one vote per 'C' preference share held with respect to the election of any Director. In respect of any other general meeting of the Company, the 'C' preference shareholders are entitled to receive notice of and to attend and speak but not vote.

The holders of 'A' ordinary shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company save that, in respect of a general meeting at which a Director is to be elected, the 'A' ordinary shareholders shall not be entitled to participate in such part of the meeting as relates to the election of a Director and shall have no right to vote on such election.

23. RETAINED EARNINGS

	Note	Retained earnings £m	Total £m
At 1 April 2022		78.0	78.0
Profit for the financial year		73.9	73.9
Dividends paid	9	(102.3)	(102.3)
Net decrease in shareholders' equity		(28.4)	(28.4)
At 31 March 2023		**49.6**	**49.6**

	Note	Retained earnings £m	Total £m
At 1 April 2023		49.6	49.6
Profit for the financial year		76.7	76.7
Dividends paid	9	(90.0)	(90.0)
Net decrease in shareholders' equity		(13.3)	(13.3)
At 31 March 2024		**36.3**	**36.3**

24. CASH GENERATED FROM OPERATIONS

	2024 £m	2023 £m
Profit for the financial year	76.7	73.9
Adjustments for:		
- Income tax	42.8	15.0
- Depreciation, amortisation and impairment	28.9	45.6
- Provisions non-cash movement	(11.6)	-
- Finance income	(7.4)	(3.9)
- Finance costs	1.2	2.3
	53.9	59.0
Changes in working capital:		
- Decrease in inventories	1.8	0.1
- Decrease/(Increase) in trade and other receivables	573.5	(64.5)
- (Decrease)/Increase in trade and other payables	(710.1)	78.3
- (Decrease)/Increase in provisions for other liabilities and charges	(15.3)	1.8
	(150.1)	15.7
Cash (used in)/generated from operations	**(19.5)**	**148.6**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

In the course of doing business as a regulated entity, including to a lesser extent the period following the end of the third licence term, the risk could arise of potential legal or regulatory non-compliance action against Camelot. Where deemed necessary, the Company obtained advice and made financial provisions as appropriate.

26. PENSION ARRANGEMENTS

In line with UK legislation, the Company auto-enrolled employees into the Group Personal Pension Plan, which was accounted for as a defined contribution pension scheme. All amounts payable under these schemes were charged to the Statement of Comprehensive Income as they fell due, and totalled £3.1m in the current year (2023: £3.5m).

27. RELATED PARTY TRANSACTIONS

The Company's immediate parent is Allwyn UK Holding B Ltd (incorporated in the UK), which owns all the Company's shares.

During the course of the year, Camelot entered into the following transactions with 'Services aux Loteries en Europe SCRL' (SLE), a société cooperative à responsabilité limitée incorporated in Belgium. Camelot had an investment in SLE which transferred at nil consideration to Allwyn Entertainment Ltd at the end of the third licence. The main purpose of SLE is to provide services to lotteries in Europe which participate in the EuroMillions game. The head office is located in Belgium at Herrmann-Debrouxlaan 44–46, 1160 Oudergem, Belgium.

	2024 £m	2023 £m
Purchases	1.2	1.2
Amounts due to SLE	-	0.3
Sales	0.1	0.1
Amounts due from SLE	0.0	-

Following the the change in ownership of the Company in 2023, Camelot had various fellow subsidiary relationships at different points in the year. In the current year, it mainly transacted with fellow subsidiary related parties, Allwyn Lottery Solutions Limited (AWLS) formerly know as Camelot Global Lottery Solutions and Allwyn Entertainment Ltd. AWLS is principally focused on providing software development for the running of the third licence period.

Amounts due to and from related parties are unsecured in nature, and are due on demand. In 2023.

	2024 Sale of services £m	2024 Amounts due from related party £m	2023 Sale of services £m	2023 Amounts due from related party £m
Allwyn Lottery Solutions Limited	0.1	-	0.4	0.1

27. RELATED PARTY TRANSACTIONS (CONTINUED)

	2024 Purchase of services £m	2024 Amounts due to related party £m	2023 Purchase of services £m	2023 Amounts due to related party £m
Camelot Business Solutions Limited	-	-	8.9	-
Allwyn Lottery Solutions Limited	6.0	0.0	6.1	0.7
Allwyn Entertainment Ltd	-	6.9	-	-

Sales/Purchases of services between related parties are stated on an invoice basis.

During the year, the Company had various group transactions with Allwyn Entertainment Ltd. These transactions primarily related the transferring of assets and liabilities at the expiry of the third licence term, including £683.9m in relation to secured obligations of the third licence Players' Trust and corresponding cash, or rights to cash, to enable these to be settled during the fourth licence; as well as the allocation of pass-through costs between the two entities and ensuring correct supplier charging over the transition period. A net amount of £17.5m was transferred by the Company to Allwyn Entertainment Ltd, none of these costs were considered provision of goods or services by either entity.

During the year, the Company also paid dividends totalling £90.0m (2023: £102.3m) in addition, the following cash payments were (paid)/received in respect of group taxation relief during the year:

	2024 £m	2023 £m
Premier Lotteries UK Limited	-	0.2
Premier Lotteries Capital UK Limited	-	0.7
Camelot Business Solutions Limited	-	2.4
Camelot Global Lottery Solutions Limited	-	1.1
Allwyn Entertainment Ltd	(10.8)	-
	(10.8)	4.4

28. SUBSIDIARY UNDERTAKINGS

During the year,the following Camelot subsidiaries were dissolved:
Camelot Lotteries Limited
National Lottery Enterprises Limited
CISL Ltd

In 2023, these subsidiaries had share capital, equal to the net assets, of £5 in total. This amount represented Camelot's cost of investment in these subsidiaries. They are not material for the purpose of giving a true and fair view for the financial statements, and therefore were not consolidated in accordance with the Companies Act 2006 s.405. These companies were exempt from preparing individual financial statements under s394A and from individual filing with the registrar by virtue of s.448A of the Companies Act 2006. The registered office for these companies was Magdalen House, Tolpits Lane, Watford, United Kingdom, WD18 9RN.

29. POST-BALANCE SHEET EVENTS

There are no Post-Balance Sheet Events that have occured since 31 March 2024 to disclose.

Camelot UK Lotteries Limited
Registered and Head Office
Tolpits Lane
Watford WD18 9RN

Registered in England and Wales
Company Number: 02822203
Incorporated and domiciled
in the UK

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
WD17 1JJ

Bankers
The Royal Bank of Scotland PLC
250 Bishopsgate
London EC2M 4AA

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