



CAMELOT

As the operator of The National Lottery, we're a company like no other – a commercial organisation that raises billions of pounds every year for the public good.



Front cover: The National Lottery's homecoming event for Team GB
This page: Bob Vylan playing at The Boileroom in Guildford as part of The National Lottery's Revive Live Tour ©Alex Tomalin@psych0 photography

Camelot UK Lotteries Limited
Company Number: 02822203

Since 1994, we've made a winning business of running one of the world's most successful lotteries – with an impressive track record in innovation and long-term responsible growth.

And having generated the best-ever returns to Good Causes from ticket sales alone – as well as record-equalling returns to society – in 2021/22, The National Lottery, under Camelot's stewardship, is continuing to deliver for people, projects and communities across the UK.



A group of people, including a woman with a prosthetic arm, are clapping on a stage. The scene is lit with blue light, and the background shows a grid of lights.

EXPERIENCE, EXPERTISE AND INTEGRITY

MAKING AMAZING HAPPEN

Paralympic powerlifting bronze
medallist Micky Yule



DELIVERING FOR EVERYONE

Vital funding from The National Lottery Heritage Fund helped to save the Cutty Sark, one of the world's last surviving tea clippers

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OUR TRACK RECORD IN NUMBERS



£156B

The amount returned to winners and society since we began operating The National Lottery

£46B

The amount The National Lottery has raised for Good Causes since its launch in 1994 – around 65% more than government expectations at the time

£530M

Annual returns to Good Causes are now more than £530 million higher than they were at the start of the third National Lottery licence in 2009

£8B

Our sales performance over the year saw us achieve total National Lottery sales of more than £8 billion for only the second time in The National Lottery's history – with total sales in 2021/22 almost £350 million more than the combined total UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Pepsi Cola, Warburtons and Heinz
(Source: 'Britain's Biggest Brands', The Grocer/Nielsen – March 2022)

57%

The total sales growth we've achieved since the start of the third National Lottery licence

95%

The percentage of all revenue that The National Lottery returns to winners and society – clear evidence that it is delivering for everyone in the UK

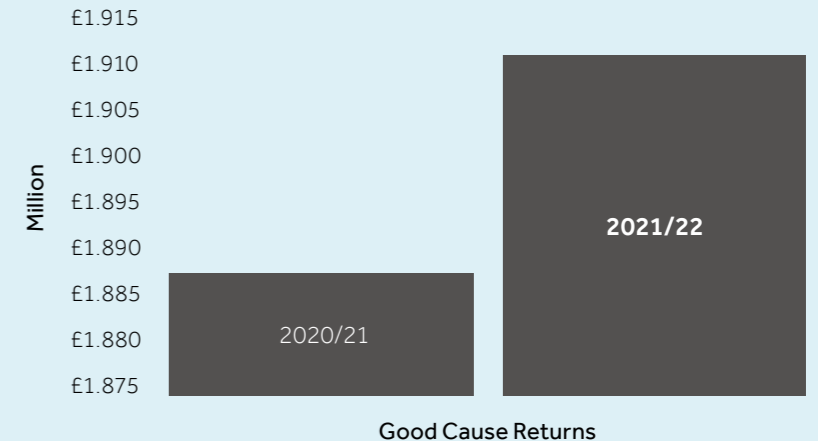


67%

The proportion of UK adults who currently play The National Lottery – almost 37 million people – underlining the huge popularity and reach of the brand

Good Cause Returns

We generated £1,911.8 million for Good Causes in 2021/22 – including record returns from ticket sales for a second consecutive year – and a record-equalling £3.1 billion for society. This is fantastic news for people, projects and communities across the UK at a time when other revenue sources are being squeezed.



44,500

With around 44,500 retail partners across the UK – and 94% of the UK adult population living or working within one mile of a National Lottery terminal – we're ensuring that The National Lottery is convenient to play

10.1M

With 10.1 million active registered players, we operate the largest digital lottery in the world by revenue





99%

The proportion of the UK population who have heard of The National Lottery

62ND

We're recognised for selling National Lottery tickets in a socially responsible way – The National Lottery is ranked just 62nd in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales

(Source: La Fleur's World Lottery Almanac 2022)

£19.5B

The amount of Lottery Duty that The National Lottery has now generated for the Treasury – money that has helped to fund public expenditure across the UK

£353M

Annual payments in Lottery Duty to the Treasury are now £353 million higher than they were at the start of the third National Lottery licence

£7.4B

The amount of sales commission earned by our retail partners since 1994

£36M

The average amount The National Lottery now generates every single week for Good Causes across the UK – that's £3,600 every minute or £60 every single second

£1.2B

The amount of National Lottery funding that has been distributed throughout the UK to help tackle the impact of Covid-19

£86B

The amount of prize money that The National Lottery has awarded to players to date

£2B

Annual prize money awarded to players is now some £2 billion higher than it was at the start of the third National Lottery licence

670,000

The number of individual Good Cause projects that have now received National Lottery funding – with an average of 240 grants awarded in every postcode district, almost everyone in the UK has benefited from a National Lottery-funded project

1,060

The number of Olympic and Paralympic medals won by Great Britain and Northern Ireland athletes since National Lottery funding for elite sport began in 1997

6,500

The number of millionaires or multi-millionaires that The National Lottery has now created

10TH

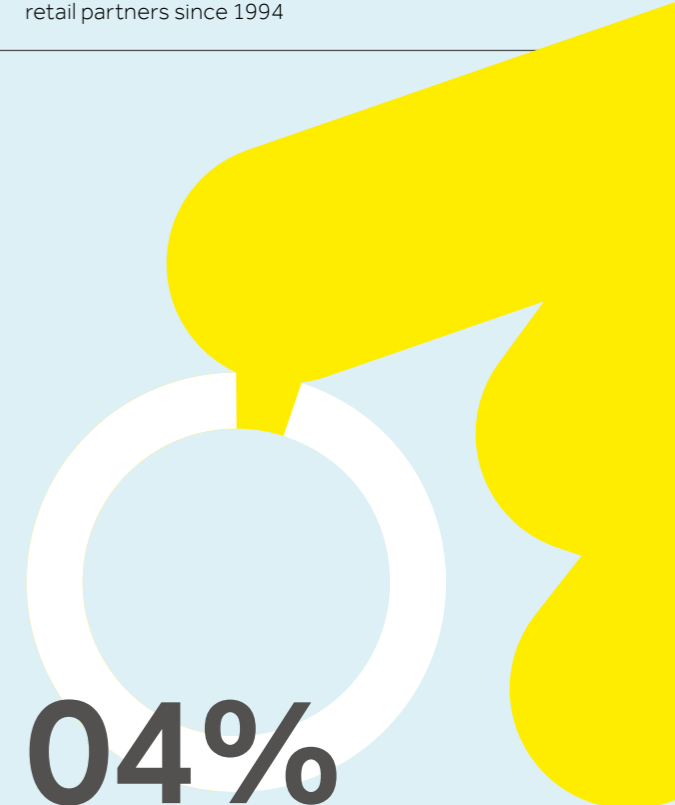
Our ranking in the Best 100 Large Companies Awards 2021 – we're proud to have been recognised as one of the best companies to work for in the UK

04%

The percentage of total revenue we spend on operating costs, underlining our status as a highly cost-efficient operator

01%

The amount of revenue our shareholder, Ontario Teachers' Pension Plan, retains in profit after tax



ABOUT US

We're responsible for operating The National Lottery – one of the UK's most well-known and life-changing brands.

Whether it's the work we do with the wider National Lottery family to highlight the amazing difference that National Lottery players make every single week for UK-wide Good Causes, the comprehensive aftercare programme we have in place for our major prize-winners, our reputation for selling National Lottery tickets in a socially responsible way or the wide-ranging support we offer our employees, we've built a business that truly sets us apart – one that saw us recognised as one of the top 10 Best 100 Large Companies to work for in the UK in 2021.



Our Mission

Our mission is 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 benefit from the £30 million-plus in Good Causes funding that National Lottery players raise every week.

We look to do this by continuing to prioritise long-term, responsible growth by:

- building a brand that encourages lots of people to play but to individually only spend small amounts;
- designing a range of games that offers something for everybody;
- making our games accessible so that people can play anytime, anywhere, on any device;
- getting to know our players to help us understand how they play; and
- clearly communicating the uniqueness of The National Lottery and the extraordinary good that it does.

What We Do

Our overarching objective is to maximise returns to Good Causes through selling National Lottery products in an efficient and socially responsible way.

This involves creating, marketing and promoting new games; developing and running The National Lottery's infrastructure; providing services for players and winners; and working in partnership with around 44,500 retailers. As a private company, we also have responsibilities to our shareholder, Ontario Teachers' Pension Plan, which has owned Camelot since 2010.

44,500

We work in partnership with around 44,500 retailers across the UK

Our Approach

We've always believed that the key to The National Lottery's long-term health – and therefore the money it raises for Good Causes – is to give players a positive and enjoyable experience within a safe environment, with lots of people playing but each spending relatively small amounts.

We therefore look to attract the broadest possible player base by developing a balanced and appealing portfolio of games that offers something for everyone; making those games as attractive and as generous as possible to players in order to maintain their appeal in what has become a fiercely competitive market; innovating to meet changing consumer preferences and shopping habits; and building a strong and healthy brand that better connects The National Lottery's unique purpose with play.

The effectiveness of our work to ensure we have lots of people playing a little is underlined by the fact that, despite being the fifth largest lottery in the world in terms of sales, The National Lottery is ranked just 62nd in the world in terms of per capita spend. (Source: *La Fleur's World Lottery Almanac 2022*)

Around 60% of UK adults currently play National Lottery games once a quarter or more, with the demographics of play closely mirroring the demographics of the UK population as a whole. Including people who play at least once a year, this figure rises to 67% of UK adults – almost 37 million people – underlining the huge popularity and reach of The National Lottery.

The success of our approach has seen us grow total National Lottery sales by 57% over the course of the third National Lottery licence period, with annual returns to Good Causes now more than £530 million higher than they were at the start of the licence in 2009.

With the majority of National Lottery grants being for £10,000 or less, that's enough money to fund more than 50,000 new projects – initiatives that could make a real difference to the lives of people and communities across the UK.

Good Causes haven't been the only ones to benefit significantly from our success in growing overall sales over this licence period. Annual payments in Lottery Duty to the Treasury are now £353 million higher and annual retailer commission payments are almost £18 million higher, while annual prize money awarded to players is some £2 billion higher.

As a result, The National Lottery continues to return around 95% of all sales revenue to winners and society – clear evidence that it is delivering for everyone in the UK.



David Poultney and Simon Hallam,
co-founders of the National
Lottery-funded Veterans Support
Service, Spalding



The National Lottery Family

As the operator, our role is critical to The National Lottery's ongoing success. But we couldn't deliver over £30 million each and every week to Good Causes without working in close partnership with a number of other bodies, each of which plays a key role as part of the National Lottery family:

- **Parliament**, through The National Lottery etc. Act 1993 (as amended), governs the operation and regulation of The National Lottery, and sets out National Lottery policy, including which Good Cause areas will benefit from National Lottery money and the funding levels for each. The Department for Digital, Culture, Media & Sport (DCMS) is the government department responsible for The National Lottery.
- **The Gambling Commission** (formerly the National Lottery Commission) is sponsored by DCMS, and is responsible for licensing and regulating The National Lottery. Its overriding duties are to preserve the propriety of The National Lottery, protect players and maximise returns to Good Causes.
- **Ontario Teachers' Pension Plan (OTPP)**, which has owned Camelot since 2010 following a competitive tender process. OTPP is known for taking a long-term view of its investments, providing an environment of stability, commitment and continuity that is vital for The National Lottery's continuing success. It has invested significantly in Camelot – and remains committed to further investment – to enable us to deliver as much money as possible for Good Causes.
- **12 National Lottery distribution bodies**, each with specialist knowledge of their sectors, which decide which beneficiaries should receive National Lottery funding. All of the distribution bodies operate at arm's length from government and Camelot, and follow strict guidelines when deciding which applications for funding will be successful.
- **The National Lottery Promotions Unit (NLPU)** is a joint venture between the distribution bodies, Camelot and DCMS, and is responsible for promoting positive public awareness of National Lottery funding and the projects it supports.
- **Around 44,500 retailers throughout the UK**, ranging from small corner shops and newsagents to larger convenience stores and supermarkets – with independent outlets making up the majority

The Single-Operator Model

Many countries and states around the world operate a lottery to raise money for good causes or the public good.

The UK, like the vast majority of jurisdictions with a lottery, operates a 'single-operator' model, as this has repeatedly been deemed the most efficient way to maximise returns to good causes and society, as well as ensure the consistent protection of players, and the fitness and propriety of operation.

The single-operator lottery model maximises player interest and participation. If there are lots of lotteries operating at a similar scale, the inevitable consequence is that the money players spend on tickets becomes fragmented across all of the different lotteries available.

As a result, instead of one big single jackpot, only smaller jackpots would be on offer. As experience shows, these lower jackpots are not as appealing to players, so fewer tickets would be sold and fewer people would play – resulting in less money being raised for society. We have long maintained that a single lottery offering a jackpot of £10 million will sell more tickets than 10 individual lotteries each offering a jackpot of £1 million.

The single-operator model also helps to minimise operating costs. Having multiple operators would lead to diseconomies of scale, with operating costs being duplicated across providers. In addition, multiple operators would develop very similar products and end up competing for market share by having to make their offerings more appealing by increasing prize payments to players – at the expense of returns to society.



Rachel King, Camelot People Director, and Dean Russell, MP for Watford, with two of the awards won by Camelot at the 2021 Best Companies Awards

Our Licences

In May 1994, the National Lottery Commission (NLC) awarded Camelot a seven-year licence to run The National Lottery. The first draw-based tickets went on sale on 14 November 1994, with the first draw taking place on 19 November.

In December 2000, we were awarded the second seven-year licence, which started on 27 January 2002 and ended on 31 January 2009.

In August 2007, we were awarded a third licence to operate The National Lottery, which started on 1 February 2009 and was due to run to 2019. However, in March 2012, the licence was extended by four years to 2023, following the NLC's agreement to our proposal to deliver around £1.7 billion in additional National Lottery funding to society.

In August 2020, the Gambling Commission launched the competition to award the fourth National Lottery licence. The new 10-year licence was due to start in February 2023 but, following extensions to the competition, is now scheduled to begin in February 2024.

In March 2022, the Gambling Commission named Allwyn Entertainment Ltd as the Preferred Applicant to operate The National Lottery from this date. After carefully considering our position, we took the decision in April to launch a legal challenge in our capacity as an applicant for the fourth licence to request independent scrutiny of the process.

Given that the rules of the competition set by the Gambling Commission prevent applicants for the fourth National Lottery licence from discussing the competition while it is ongoing and the fact that legal proceedings are under way, we are not in a position to give any further details at the time of writing.

Regardless of the legal proceedings and their outcome, we still have a critical job to do. Our licence runs until 2024, and we remain fully committed to running The National Lottery with integrity and continuing to maximise returns to Good Causes over the remainder of this licence period. At the same time, we have a responsibility to ensure a smooth transition ahead of the start of the next licence and we'll be working hard to make sure that happens.



Our Locations

We've been proud to call Watford our home since 1994 – with the majority of our 1,000 employees working from our Head Office in Watford, Hertfordshire.

We also have a prize payout and IT operations centre in Liverpool, a national distribution centre in Northampton and a corporate affairs department in London, while our Retail Sales Executives and Winners' Advisors are based throughout the UK.

Chairman's Statement

In what was a challenging year, I'm delighted to report that Camelot achieved total National Lottery sales of over £8 billion for the second consecutive year in 2021/22 – providing further confirmation of the company's status as one of the world's most successful lottery operators.

As well as resulting in the highest-ever amount being raised for Good Causes from ticket sales for the second year running, the company's performance meant that a record-equalling £3.1 billion was once again generated for society through Good Causes, Lottery Duty and retailer commission.

At a time when other revenue sources have already been, or face being, cut, this money has been absolutely vital in helping the country to recover and rebuild as it emerges from the Covid-19 pandemic.



Chairman's Statement (continued)

Delivering for Good Causes

In the year ended 31 March 2022, Camelot achieved total annual ticket sales of £8.09 billion – an outstanding achievement, given that the company saw increased competition for people's spend after the lifting of Covid-19 restrictions, followed by falling consumer confidence as the cost of living crisis worsened over the second half of the year.

Despite these challenges, the company generated more than £1.9 billion for Good Causes over the period – an increase of more than £24 million on the previous year and the equivalent of £36 million being generated for National Lottery projects every single week. This made it the second-highest annual total ever generated for Good Causes since The National Lottery's launch in 1994 – second only to 2012/13, the year of the enormously successful London 2012 Olympic and Paralympic Games.

The National Lottery has now raised an incredible £46 billion and counting for Good Causes – around 65% more than government expectations at launch. This huge amount of money has so far funded more than 670,000 individual projects, providing a lifeline to thousands of small, community initiatives that change lives for the better at a local level, and contributing to truly world-class arts and heritage projects.

It has also supported more than 6,300 elite athletes in their pursuit of medals. Following the introduction of National Lottery funding in 1997, Team GB has moved from 36th in the Olympic medal table in 1996 to being a top four nation in each of the last four Games. And ParalympicsGB finished as runners-up in the medal table at Tokyo 2020 for the second successive Games.

Delivering for Players, the Treasury and Retailers

At the same time, The National Lottery continues to create millions of winners every week across its range of games. It awarded more than £4.6 billion in prize money in 2021/22, creating almost one new millionaire a day in the process. Since its launch, it has awarded over £86 billion in prize money and created more than 6,500 millionaires.

Camelot also delivered almost £1 billion in Lottery Duty – money that is used to fund public expenditure throughout the UK – for the Treasury in 2021/22, taking the total now generated for the government to £19.5 billion.

In addition, the company has seen its 44,500 retail partners earn more than £7.4 billion in commission since 1994. With the disruption caused by the pandemic and changing shopper habits resulting in reduced footfall, the income earned on National Lottery sales, which worked out at an average of £6,000 per store over the year, continues to be absolutely crucial to the health of many smaller businesses – outlets which play a vital role at the heart of their local communities.

Camelot's impressive performance throughout the year meant that National Lottery projects, players, retailers and the Treasury shared over £7.6 billion between them in 2021/22 – around 95% of all sales revenue and clear proof that The National Lottery is continuing to deliver for the whole of the UK.

Chairman's Statement (continued)

A Proven Business Model and Strategy

Despite facing uncertainty on a number of fronts over the period, Camelot's success in achieving over £8 billion in sales for only the second time in The National Lottery's history is testament to the resilient, innovative and responsive business model that Nigel and his team have put in place over the last five years.

It also clearly demonstrates the ongoing effectiveness of the company's strategy for growth, which has continued to engage tens of millions of people by offering an appealing choice of games and a convenient, modern playing experience – all within a safe environment, as well as the importance of working in close partnership with all members of the wider National Lottery family to maintain the health of The National Lottery.

Under Camelot's stewardship, National Lottery sales have grown by 57% since the start of the third National Lottery licence – with annual returns to Good Causes now more than £530 million higher than they were in 2009. Over the same period, annual payments to the Treasury of Lottery Duty are now more than £350 million higher, while annual prize money awarded to players is now almost £2 billion higher.

On behalf of the Board, I would like to thank the National Lottery distribution bodies, Camelot's 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.

My sincere thanks also go to Camelot's shareholder, Ontario Teachers' Pension Plan (OTPP), for its ongoing support and significant investment in the company's successful operation of The National Lottery over the period. OTPP fully understands The National Lottery's values, and provides an environment of stability, commitment and continuity, which is incredibly important and makes a huge difference.

Doing Business Responsibly

I am pleased to report that Camelot's strong performance over the year has again been underpinned by its commitment to selling tickets in a socially responsible way. The company's strategy has always been to encourage lots of people to play a little – and the fact that The National Lottery is ranked just 62nd in the world in terms of per capita spend, despite being the fifth largest lottery in the world by sales, underlines the effectiveness of its approach in this area.

Even though the inherent risk of unhealthy play associated with National Lottery products remains very low, Camelot recognises that, because of The National Lottery's scale and reach, it must continue to do everything it can to encourage healthy play and minimise consumer harm wherever possible. The company has built on its position as a world leader in this area, carrying out a wide range of activity across its retail and digital channels throughout the year to ensure that its player protection activities and extensive range of healthy play tools remain best-in-class.

Camelot also continued to prioritise its employees' health and wellbeing in 2021/22, looking after and meeting their needs as it successfully navigated through the pandemic before turning its focus to returning to the office and embedding hybrid ways of working. In the coming year, the company will continue to keep staff wellbeing at the core of its people strategy, as it looks to build on the extremely positive levels of engagement that it saw this year by remaining agile and responsive to the issues that matter to its employees.



Camelot delivered almost £1 billion in Lottery Duty – money that is used to fund public expenditure throughout the UK – for the Treasury in 2021/22, taking the total now generated for the government to £19.5 billion.



Chairman's Statement (continued)

Corporate Governance

Although the Board's programme of holding off-site meetings at National Lottery-funded venues across the UK was again suspended in 2021/22 because of the continued impact of Covid-19 restrictions, regular Board meetings were held during the year. In the months in which no formal Board meetings took place, video conference update sessions were held to keep members informed about the company's operations and performance. I very much look forward to being back on the road with the Board in the coming year.

An externally-facilitated review of the effectiveness of the Board and its committees was carried out in February and March 2022. This involved one-to-one, confidential interviews with all members; observation of Board meetings; a review of materials relating to the governance and work of the Board and its committees; and the production of workshop materials which were discussed collectively with members.

I'm pleased to report that the review concluded that the Board has a strong Chair, Senior Independent Director and Chief Executive Officer; that there are strong relationships among both Board members and Camelot's Executive Team; and that the Board is very well placed to deal with the challenges facing it.

Gill Whitehead stepped down as an independent Non-Executive Director from the Board in April 2022, and I would like to thank her for her support and important contribution during her three years with Camelot. In her place, I am delighted that David Kelly has been re-appointed as an independent Non-Executive Director.

A former member of the Board from 2014 to 2019, David joins from Camelot Global Lottery Solutions, Camelot's sister company and a leading technology provider to lotteries around the world. I have no doubt that his in-depth knowledge and digital expertise will greatly aid the work of the Board and add value to the business.

A Difficult Operating Environment

With growing economic uncertainty, ongoing pressures in retail and falling consumer confidence – not to mention the company's ongoing legal challenge in respect of the fourth National Lottery licence competition, about which no information can be given at the time of writing under the rules set by the Gambling Commission – the operational outlook for the next 12 months is likely to be challenging.

However, thanks to its highly effective and proven business model and strategy – combined with the determination of everybody at Camelot to build on its outstanding performance over the last five years – I have every confidence that the company, under Nigel's leadership, will once again rise to the challenges that lie ahead as it continues to run The National Lottery safely and responsibly, and delivers even more money for Good Causes and society.

On behalf of the Board, I would like to thank Nigel, his management team and all of Camelot's employees for the commitment, professionalism and tireless work that has underpinned this year's performance – and once again made such a hugely positive difference to the lives of people and communities across the whole of the UK. I look forward to working with them all, as well as my Board colleagues, in the coming year to build on this year's achievements and ensure that The National Lottery's phenomenal success story continues.

Rt Hon Sir Hugh Robertson KCMG PC DL
Chairman

23 June 2022



Chief Executive Officer's Review

I'm delighted to report that, despite the challenging and changing external environment, we achieved total National Lottery sales of more than £8 billion for the 2021/22 financial year (1 April 2021 to 31 March 2022) and generated our best-ever returns to Good Causes from ticket sales. This is only the second time that total ticket sales have exceeded the £8 billion mark since The National Lottery's launch in 1994 – and, once again, underlines our position as one of the world's most successful and innovative lottery operators.

Achieving sales of over £8 billion two years in a row and maintaining very high levels of public participation in what remained another difficult trading year proves that our strategy of offering great consumer choice in a safe and convenient way continues to be successful. It's also testament to the resilient, innovative and responsive business model that we've put in place over the last five years.

The success of this approach has seen us grow total sales by a huge 57% over the course of the third National Lottery licence period. Most importantly, annual returns to Good Causes are now more than £530 million higher than they were at the start of the licence in 2009. Given that most National Lottery grants are for £10,000 or less, that's enough money to fund more than 50,000 new projects – initiatives that would make an enormously positive difference to the lives of people and communities across the whole of the UK.

And our success in growing overall sales over this licence period hasn't just benefited Good Causes: annual payments in Lottery Duty to the Treasury are now £353 million higher than they were in 2009, annual retailer commission payments are almost £18 million higher and annual prize money awarded to players is some £2 billion higher.

Total National Lottery sales in 2021/22 were £8,090.7 million, £283.2 million lower than last year's record sales of £8,373.9 million. This was mainly due to lower sales of National Lottery Instants, while fewer big EuroMillions roll series and jackpots of over £100 million compared with the previous year also contributed to the drop in sales.

In addition, sales were impacted by both the greater competition for people's attention and spend that we saw as lockdown restrictions eased in the early part of the year, and then falling consumer confidence as economic uncertainty grew sharply towards the end of the period.

Despite these challenges, our strong sales performance, and the game and channel mix over the year, drove returns to Good Causes from ticket sales to record levels for a second consecutive year – an exceptional result for people, projects and communities across the UK at a time when funding has never been more needed. Including unclaimed prizes, we generated £1,911.8 million for Good Causes in total over the period – an increase of £24.3 million on last year.

This made it the second-best annual total generated for Good Causes since The National Lottery's launch – one that has only ever been bettered by the £1,951.4 million raised in 2012/13, a year that saw the unparalleled excitement of London 2012 and a significantly higher level of unclaimed prizes. It is also only the third time in The National Lottery's history that annual returns to Good Causes have surpassed £1.9 billion.



57%

The total sales growth we've delivered over the course of the third National Lottery licence period

Chief Executive Officer's Review (continued)

Our success in growing returns to Good Causes meant that The National Lottery generated more than £36 million, on average, every week – or an incredible £60 every single second – for Good Causes across the UK over the year. And with the country still overcoming and rebuilding from the enormous challenges and impact of the Covid-19 pandemic, that money is absolutely vital. My thanks go to all of our players for making this possible – they should feel very proud of the role they play in helping to make the UK a better place.

It also saw us generate a record-equalling £3.1 billion for society – through Good Causes returns, Lottery Duty and the commission earned by our retail partners – at a time when other revenue sources are being squeezed. Including prize money, we returned around 95% of all sales revenue to winners and society last year, clear evidence that we're continuing to deliver for everyone in the UK.

National Lottery players have now raised over £46 billion for Good Causes since 1994 – around 65% more than government expectations at launch. This has funded more than 670,000 individual projects, helping to transform the lives of millions of people and communities throughout the UK. With an average of around 240 lottery grants in every postcode district, almost everyone in the nation has benefited from a National Lottery-funded project at some point.

On top of that, The National Lottery has delivered £19.5 billion in Lottery Duty for the government over the same period – money that has helped to fund public expenditure throughout the UK.

The National Lottery also continued to transform the lives of its players in 2021/22. It awarded £4,612.3 million in prize money to players, down on last year's record of £4,854.7 million in line with this year's lower sales. In the process, it created 364 new millionaires – just short of one new millionaire a day – and a further 475 winners of over £50,000.

The period saw five lucky ticket-holders strike it rich after winning EuroMillions jackpots, with three of them entering The National Lottery Rich List of the top 20 biggest-ever National Lottery winners after scooping jackpots of £122.5 million, £111.5 million and £109.9 million in April, June and February respectively. And our players' luck has continued into the new financial year, with Joe and Jess Thwaite from Gloucester becoming the UK's biggest-ever National Lottery winners after winning an incredible £184 million EuroMillions jackpot in May 2022.

The National Lottery has now awarded over £86 billion in prize money to players since its launch and created more than 6,500 millionaires or multi-millionaires who, between them, have shared an enormous £16.8 billion.

Although we didn't benefit from the same number of big roll series on EuroMillions compared with the year before, with more base draws than we would normally expect, strong performance from the other games in our draw-based games portfolio – particularly Lotto and Set For Life – saw us achieve total draw-based game sales of £4,647.5 million in 2021/22, a slight dip on the previous year.

Our innovation in The National Lottery's flagship Lotto game saw it continue to be the most popular draw-based game, consistently driving participation – especially with its steady stream of 'Must Be Won' draws. These continue to be hugely popular, particularly when players experience the 'Rolldown' feature, which sees everyone receive boosted prizes – including around a million or more players who win an additional cash prize of £5 for matching two main numbers, driving player positivity, engagement and retail footfall.

This is only the second time that ticket sales have exceeded the £8 billion mark since The National Lottery's launch in 1994 – and, once again, underlines our position as one of the world's most successful and innovative lottery operators.

Chief Executive Officer's Review (continued)

With its top prize of £10,000 a month for 30 years, the newest draw-based game in the portfolio, Set For Life, also continues to go from strength to strength, bringing in new players who are motivated by the prospect of winning a life-enhancing monthly cash sum to pursue and fulfil their passions.

Our success in maintaining sales of draw-based games at virtually the same level as the year before in the face of a range of challenging external factors just goes to show the importance of offering consumers a range of compelling, generous and distinct draw-based games, and special event draws and game features that drive player engagement and excitement.

As well as its draw-based games, The National Lottery offers a wide range of in-store Scratchcards and online Instant Win Games – with prizes, chances to win, play styles and prices to meet consumer demand for games that meet different needs and tastes in what has become a fiercely competitive market. These Instants games form an important part of the product portfolio, in that their sales are largely incremental to, as opposed to being at the expense of, draw-based games – and therefore mean that more money is raised overall for Good Causes.

Sales of Instants were £3,443.2 million in 2021/22, £240 million lower than the previous year. This was largely attributable to greater competition for people's share of wallet after the lifting of Covid-19 restrictions and then growing economic uncertainty over the latter part of the year, with people putting the brakes on their spending.

Scratchcard sales remain below pre-pandemic levels in line with people's changing shopping habits, while our introduction of lower online play and wallet load limits as part of our work to promote healthy play also contributed to lower sales of Instant Win Games. These were also affected by the lower number of big EuroMillions roll series, with fewer people buying them as spontaneous add-on products.

With around 44,500 retail partners selling our products throughout the UK, the majority of which are independent outlets, retail remains the largest National Lottery sales channel, accounting for nearly 60% of all National Lottery sales.

Despite the ongoing challenges caused by the pandemic in the early part of the year affecting both footfall and shopper frequency and, more latterly, the cost of living crisis slowing down the retail recovery as consumers tightened their belts, we achieved in-store sales of £4,674.2 million in 2021/22, £190.2 million lower than the year before.

As a result, our retail partners earned £265.4 million in commission over the period – an average of £6,000 per store. This takes the total commission earned by retailers since The National Lottery's launch to more than £7.4 billion.



Chief Executive Officer's Review (continued)

With 94% of the UK adult population living or working within one mile of a National Lottery terminal, we're ensuring that The National Lottery continues to be convenient to play. We continued to ensure that this was the case in 2021/22 by innovating our retail offering to reflect changes in the way that people are shopping – and to drive even greater distribution and convenience.

For example, by developing bespoke solutions for the likes of Aldi and Iceland, as well as making National Lottery tickets available at self-checkouts in Asda, The National Lottery now has over 19,000 points of integrated distribution in these stores. And to address the ongoing shift in shopping habits, we've worked with Tesco, Asda and Morrisons to offer a range of Scratchcards on their websites for home delivery or click and collect.

I firmly believe that maintaining strong relationships with our retail partners is critical to The National Lottery's ongoing success – and we're absolutely committed to continuing to support them in every way we can to help them make the very most of selling National Lottery products. And, in a year in which they've faced uncertainty on a number of fronts, we've continued to provide significant support to them throughout.

Building on the improvements that we've seen in in-store standards and engagement across the retail estate over the past four years, we had over 600,000 contacts with our retail partners over the year to further drive standards, healthy play and game event messaging.

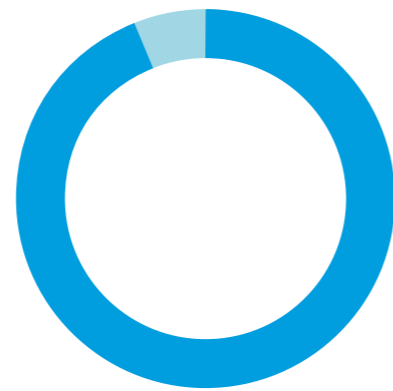
We continued to invest in tools such as our dedicated retailer website, the National Lottery Retailer Hub, to give retailers quick and easy access to information and advice, and in initiatives such as our popular 'Site, Stock, Sell' standards and rewards programme, which helps independent retailers to improve their display and merchandising.

The programme continued to prove enormously successful over the year and saw us achieve some of our best-ever in-store standards. This, in turn, saw us award a massive £548,000 in cash rewards – over and above their usual commission payments – to retailers over the period.

To further drive best-in-class in-store standards, we partnered with crowdsourcing specialist Shepper to use pioneering artificial intelligence to gain real-time insight that enables us to review point of sale and Scratchcard availability in retail outlets. This then ensures that we can provide near real-time additional support to retailers where necessary, and help them to maximise sales opportunities, commission levels and returns to Good Causes.

We also ran a number of initiatives to raise awareness of the incredible difference that retailers and players make by selling and buying tickets. These included campaigns to help our retail partners showcase the amount raised to date for Good Causes by their store, as well as increased in-store activity around key national moments, such as the Tokyo 2020 Olympic and Paralympic Games – all of which have further enhanced The National Lottery's presence in retail.

And even though we successfully implemented the change to the legal age to play The National Lottery from 16 to 18 in April 2021 – and subsequently the introduction of an 'Approved Sales System' for National Lottery products – we carried out a great deal of work to ensure that the transition to 18+ was as smooth as possible for all of our retail partners ahead of the new law taking effect in October 2021.



94%
of retailers surveyed were either satisfied or very satisfied with the level of service that we provide

Chief Executive Officer's Review (continued)



Despite these factors, our player engagement remains very strong and we saw strong retention of players who had migrated from retail as a result of the pandemic. We built on this with some highly effective acquisition activity, which resulted in 1.8 million new player registrations over the year, taking our digital player base to a record 10.1 million active players. As a result, we continue to operate the largest digital lottery in the world by revenue and one of the leading e-commerce sites in the UK.

Playing on mobile continued to be the digital channel of choice for players throughout the year. With sales of £2,449.4 million, playing National Lottery games on smartphones and tablets accounted for 72% of all digital sales. Much of this was driven by growth on the National Lottery's apps following a series of enhancements, with sales through these growing by £93.5 million to an all-time high of £1,687.8 million – and accounting for almost half of all digital sales.

I'm pleased to report that our strong sales performance over the year was once again underpinned by our longstanding commitment to selling tickets in a socially responsible way. Even though it's widely recognised that National Lottery games pose a very low risk of causing harm, we know that, because of our scale and reach, healthy play must drive everything we do so that our players can continue to have a positive and enjoyable experience within a safe environment, with lots of people playing a little.

We therefore continued to work hard to make our player protection activities best-in-class, both online and in retail. Online, we introduced lower play and wallet load limits for potentially at-risk players – an initiative that saw the proportion of Instant Win Game players who are considered at risk drop to its lowest-ever level. We also continued to invest in and promote our wide range of online healthy play tools and communications, including our 'DREAM BIG PLAY SMALL' portal, throughout player journeys.

As a result of everything we've been doing to achieve even better in-store standards, increase distribution to bring in new players and deliver tailored customer service for our retail partners, we achieved our highest retailer satisfaction score in a decade – with 75% of retailers either completely or very satisfied in 2021/22. In total, 94% of retailers surveyed were either satisfied or very satisfied with the level of service that we provide.

With sales of £3,416.5 million in 2021/22, our digital channels account for over 40% of total National Lottery sales. This year's sales were £93.0 million lower than in 2020/21 as a result of a reduction in player spend, following increased competition for share of wallet as lockdown restrictions were lifted, our introduction of lower online play and wallet load limits, and the increasing economic headwinds.



Chief Executive Officer's Review (continued)

I'm also very proud that we maintained our status at Advanced Level 2 of GamCare's Safer Gambling Standard – having been the first lottery operator, and one of the first online gaming operators, to attain it in 2019 – and achieved both the European Lotteries' Responsible Gaming Certification and Level 4 of the World Lottery Association's Responsible Gaming Standard for the fifth consecutive time.

And in retail, we delivered our 'Being a Responsible Retailer' training programme, which focuses on supporting healthy play and preventing underage play. As part of this, we established a formal healthy play mystery shopper initiative to test retailers' knowledge of how they can support healthy play and if they can signpost players to the appropriate support services. This saw us complete over 3,500 visits during the year.

Ahead of the legal change to the age to play National Lottery games, we also ran a pilot over the summer of our mystery shopper programme, which we've been running successfully for over 20 years, to test our new reporting and operational processes, as well as retailer compliance. After the successful pilot phase, we launched the updated programme – 'Operation 18' – in October. This saw us complete more than 8,850 visits, with, I'm delighted to report, 90% of retailers correctly asking for ID as proof of age on their first visit.

As well as working hard to support our games and sales channels, we worked closely with the wider National Lottery family – particularly the National Lottery distribution bodies – in 2021/22 to make The National Lottery brand even more relevant and visible.

And our brand-led marketing approach, which saw us invest in a number of special campaigns and promotions to drive mass participation by showcasing The National Lottery's role in national life and to thank National Lottery players for supporting a huge range of initiatives across the UK, has seen us make outstanding progress in better connecting The National Lottery's unique purpose with play.

In July, we launched and executed The National Lottery's largest-ever brand campaign for Tokyo 2020 – an unmissable, summer-long, fully integrated multi-channel programme of activity that reminded people that, every time they play a National Lottery game, they directly support Team GB and ParalympicsGB.

This was then followed by two National Lottery homecoming events at The SSE Arena, in Wembley, that gave more than 16,000 National Lottery players – as well as several hundred key workers – the chance to welcome home their Olympic and Paralympic heroes, and to celebrate their fantastic achievements in Japan.

Chief Executive Officer's Review (continued)



As Covid restrictions continued to ease, The National Lottery also supported a number of money-saving promotions to thank players for the £30 million-plus they raise every week for Good Causes, and to help the entertainment, sport and tourism industries recover from the impact of the pandemic.

These included The National Lottery's Revive Live Tour, which has so far seen more than 450 live music gigs take place and almost 60,000 tickets given away to National Lottery players; National Lottery Football Weekends and National Lottery Cinema Weekend, which gave players two-for-one entry to specific matches and film screenings; and The National Lottery's Days Out campaign, which offered Lotto players £25 off at top attractions and experiences across the UK.

We also devised and staged The National Lottery's Big Night of Musicals, which brought together the biggest shows from the world of musical theatre to thank players for supporting the performing arts throughout the pandemic, and, most recently of all, The National Lottery's Big Jubilee Street Party to bring people and communities together to celebrate the Queen's Platinum Jubilee.

As a result of all of this activity to maximise the connection between play and purpose, and to ensure that The National Lottery is front of mind at key national moments, positivity towards The National Lottery brand has continued to grow since 2017 and once again exceeded its target over the year.

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

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

Chief Executive Officer's Review (continued)

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 £76.8 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 will receive a strong return on this investment.

After taking into account this additional marketing investment and other adjustments, the actual amount payable to Good Causes in 2021/22 was £1,838.8 million. With Good Causes receiving a strong return on investment of 94.5% over the year – in other words, £1.94 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.

With wellbeing never having been so important to our lives as a result of the Covid-19 pandemic, we continued to prioritise our employees' health and welfare in 2021/22, keeping it at the heart of all of our activity as we successfully navigated through the pandemic before turning our focus to returning to the office and embedding hybrid ways of working.

We carried out a huge amount of activity in this area – from launching a 'Wellbeing Hub' on our intranet and enhancing our wellness subsidy to partnering with Team GB and ParalympicsGB to launch a year-long 'Everyday Wellness Programme' – to look after and meet our people's needs, and to enable them to continue delivering outstanding work which is changing lives for the better across the whole of the UK.

Our team of Mental Health First Aiders is now an established community group within Camelot, and led multiple events and initiatives during the year. In partnership with the Watford Chamber of Commerce, we also successfully trained over 140 people to achieve a Level One qualification in Mental Health First Aid training.

In addition, I'm proud that Camelot is an accredited Living Wage Employer, which ensures that our employees and associated third-party workers can earn a wage which they can live on – one that is significantly higher than the government minimum.



The National Lottery has delivered for the UK again this year, with the highest-ever returns to Good Causes from ticket sales for the second year running – an exceptional result for people, projects and communities at a time when other revenue sources are being squeezed.

Chief Executive Officer's Review (continued)

It's also really important to us that Camelot is a place where people can thrive – with a diverse and inclusive workforce who feel confident to be themselves, able to meet their full potential, valued in their roles and engaged to be their best as they further their careers with us.

We've made further good progress as an inclusive and supportive employer, with our established employee communities – including our Women's Network, our Pride Network, our Parents' Network and our Culture Network – continuing to build awareness and educate, celebrate the rich tapestry of our workforce, and drive change and action within the business.

We also continued to offer our employees learning and development opportunities throughout the year through our apprenticeship programme with local partner West Herts College and initiatives such as 'Be Your Best: Skills For The Future'. This was an exciting, month-long programme of learning sessions and events designed to equip staff with new skills – such as creativity, technology design and programming, and leadership – that will help them in the future.

Building on our overall engagement score of 90% in 2020/21, we achieved an even better engagement score of 91% in our most recent quarterly pulse survey in October 2021. With 88% of employees taking part, we're confident that the results provide an accurate indication of how our employees feel about working for us.

With our score 13 points above the external benchmark, and with no noticeable dips compared with our last survey, I'm really proud of the excellent levels of engagement that we're continuing to achieve and of the fact that we've carried on providing a truly supportive environment for all in what was a difficult year.

As reported last year, we were delighted to achieve back-to-back '3 Star' accreditations – the highest level achievable – at the 2021 Best Companies Awards, improving our score from the previous year in the process. As a result, we improved our ranking as one of the best companies to work for in the UK – achieving 10th place in the Best 100 Large Companies 2021, up from 35th place a year earlier.

We were also the only large company to receive a special wellbeing award, in recognition of our commitment to looking after our people. In addition, we received three further accolades: first place in 'London's 75 Best Large Companies'; third place in the 'East of England' rankings; and third place in the 'Leisure & Hospitality' list.

I strongly believe that everyone at Camelot should be able to feel the impact of the life-changing good that they make possible through their day-to-day work and to understand what The National Lottery means to people. I know how rewarding people find volunteering with a cause close to their heart, so I was really pleased to see employee volunteering – a key element of our 'Living Life Changing' community investment programme – return this year, having seen it understandably curtailed by the pandemic the year before.

The programme also stretches beyond our local community. In March 2022, Camelot donated £1 million towards *The Sun's* Ukraine Fund appeal to raise money for The Red Cross, to help support many of those fleeing the war zone. While the magnitude of the situation is almost impossible for many of us to imagine, we wanted to do what we could to make a difference.



Chief Executive Officer's Review (continued)

Having launched the competition to award the fourth National Lottery licence in August 2020, the Gambling Commission named Allwyn Entertainment Ltd in March 2022 as the Preferred Applicant to operate The National Lottery from February 2024. After carefully considering our position, we took the decision in April to launch a legal challenge in our capacity as an applicant for the fourth licence because we firmly believe that the Gambling Commission got the decision badly wrong.

When we received the result, we were shocked by aspects of the decision. And, despite lengthy correspondence, the Commission failed to provide a satisfactory response. We were therefore left with no choice but to ask the court to establish what happened.

Irrespective of our dual roles as current operator and applicant for the next National Lottery licence, the competition is one of the largest UK government-sponsored procurements and the process deserves independent scrutiny. Separately, around 1,000 Camelot employees work tirelessly to successfully operate The National Lottery under the current licence and, at the very least, they are owed a proper explanation.

With legal proceedings under way, and given that the rules of the competition set by the Gambling Commission prevent applicants for the fourth licence from discussing the competition while it is ongoing, I'm unable to give any further details at the time of writing.

However, regardless of both our disappointment at the announcement and the ongoing legal proceedings and their outcome, we still have a critical job to do. Our licence runs until 2024, and we remain fully committed to running The National Lottery with integrity and continuing to maximise returns to Good Causes over the remainder of this licence period. At the same time, we have a responsibility to ensure a smooth transition ahead of the start of the next licence and we'll be working hard to make sure that happens.

I know that our employees remain absolutely determined to build on our fantastic performance over the last five years – a period that has seen sales records tumble, the best-ever returns to Good Causes from ticket sales for two years running, record amounts of prize money awarded to players, payments to the government in Lottery Duty hit an all-time high, and brand positivity growing year after year.

Looking ahead, we'll be working to build on this year's achievements by maintaining our operational resilience and flexibility, and continuing to invest and innovate to respond to the changing consumer environment. With The National Lottery facing difficult operating conditions due to growing economic uncertainty and falling consumer confidence, this approach will ensure that we are doing all that we can to look after our players, our retail partners and Good Causes.

I'm very confident that, under our stewardship, The National Lottery is in great shape to meet the challenges that lie ahead. Thanks to our strong track record, the business model that we've put in place over the last five years, and our ability to adapt quickly and decisively, I've no doubt that The National Lottery will continue to be healthy and successful – and will carry on delivering for the benefit of everyone.

My sincere thanks go to everyone involved in making this another outstanding year for The National Lottery and for their steadfast support over the period. To our players, who help to make the UK a better place every time they play a National Lottery game and without whom none of what you'll read in this Annual Report would have been possible; and to our retail partners, who, despite being under great pressure themselves, act as amazing frontline advocates for The National Lottery and play a huge role in its ongoing success.

Chief Executive Officer's Review (continued)

CAMELOT



To the wider National Lottery family, particularly the National Lottery distribution bodies, who do such a fantastic job in making sure that funding goes to the people and projects who need it most; and to Camelot's Chairman, Sir Hugh Robertson, as well as my Board colleagues, for their invaluable guidance, support and encouragement throughout the year.

My final thanks go to my amazing colleagues at Camelot, who once again delivered brilliant results over what was a difficult trading period. Whether they've been working from home or coming into our sites – or a combination of both – the work they carried out over the 12 months has been nothing short of exceptional. They all care deeply about the future of The National Lottery and the vital difference that it continues to make to the whole of the UK – and I am genuinely proud to work with each and every one of them.

Nigel Railton
Chief Executive Officer

23 June 2022

OUR GAMES, CHANNELS AND THE NATIONAL LOTTERY BRAND

We offer a wide range of regularly refreshed draw-based and instant play games – and a multi-channel experience, with players able to buy tickets in store, online and on their mobile devices.



We believe that offering a balanced and appealing portfolio of games that offers something for everyone – and making them as accessible as possible so that people can play anytime, anywhere and on any device – is key to The National Lottery’s long-term health.

This, coupled with a strong and healthy brand that connects The National Lottery’s unique purpose with play, will help to ensure that we continue to deliver for players and Good Causes.



Our Strategy

As a responsible business, we want to give National Lottery players a positive and enjoyable experience within a safe environment, with lots of people playing but each spending relatively small amounts.

Around 60% of UK adults currently play National Lottery games once a quarter or more, with the demographics of play closely mirroring the demographics of the UK population as a whole. Including people who play at least once a year, this figure rises to 67% of UK adults – almost 37 million people – underlining the huge popularity and reach of The National Lottery.

The effectiveness of our work to encourage lots of people to play a little is underlined by the fact that, despite being the fifth largest lottery in the world in terms of sales, The National Lottery is ranked just 62nd in the world in terms of per capita spend. (Source: *La Fleur's World Lottery Almanac 2022*)

To ensure that we continue to attract the broadest possible player base, we've developed a balanced and appealing portfolio of games that complement, rather than compete against, each other and encourage people to play.

As well as a number of compelling and distinct draw-based games, we offer a wide range of in-store Scratchcards and online Instant Win Games. These form an important part of the wider National Lottery product portfolio, in that their sales are largely incremental to, as opposed to being at the expense of, draw-based games – and therefore mean that more money is raised overall for Good Causes.

With prizes, chances to win, play styles and prices to suit different needs, tastes and pockets, our games offer something for everyone. We've also made our games as attractive and as generous as possible to players in terms of prize payouts in order to maintain their appeal in what has become a fiercely competitive market.

In addition, we continue to invest and innovate to respond to the changing consumer environment, and have built a strong and healthy brand that better connects The National Lottery's unique purpose with play.

At the same time, we remain committed to selling tickets in a socially responsible way. Even though it's widely recognised that National Lottery games pose a very low risk of causing harm to players, we continue to be a world leader when it comes to healthy play and invest significantly in our healthy play tools in pursuit of our goal of making The National Lottery the safest place to play.

The success of our strategy for long-term, responsible growth is clear to see. We've now grown total National Lottery sales by 57% since the start of the third licence period in 2009, while positivity towards The National Lottery brand has been growing since 2017 and retailer satisfaction with Camelot is at its highest-ever level since the London 2012 Olympic and Paralympic Games.

Most importantly of all, annual returns to Good Causes are now more than £530 million higher than they were at the start of the third licence. With the majority of National Lottery grants being for £10,000 or less, that's enough money to fund more than 50,000 new projects – initiatives that would make a real difference to the lives of people and communities across the UK.

The effectiveness of our approach also means that annual payments in Lottery Duty to the Treasury are now £353 million higher than they were in 2009, while annual retailer commission payments are almost £18 million higher and annual prize money awarded to players is some £2 billion higher.

The National Lottery continues to return around 95% of all sales revenue to winners and society – clear evidence that it is delivering for everyone in the UK.

Our Games



Our core millionaire-maker game offers players two chances to become a millionaire – either by scooping the jackpot or matching five main numbers plus the Bonus Ball to win £1 million. Lotto takes place every Wednesday and Saturday, and costs £2.00 to play.



Our huge, rolling jackpot game offers players the biggest jackpots, plus one guaranteed £1 million prize for UK players in every draw with the UK Millionaire Maker. EuroMillions takes place every Tuesday and Friday, and costs £2.50 to play.



The most recent addition to our range of draw-based games, our annuity game offers players the chance to win £10,000 every month for 30 years. Set For Life takes place every Monday and Thursday, and costs £1.50 to play.



Our value game offers players the best chance to win £500,000 on a £1 National Lottery game. Thunderball takes place every Tuesday, Wednesday, Friday and Saturday.



Our Lotto spin-off game offers players the chance to win up to £350,000 by picking and matching fewer Lotto HotPicks numbers against the main Lotto draw. Lotto HotPicks takes place every Wednesday and Saturday, and costs £1 to play.



Our EuroMillions spin-off game offers players the chance to win up to £1 million by picking and matching fewer EuroMillions HotPicks numbers against the main EuroMillions draw. EuroMillions HotPicks takes place every Tuesday and Friday, and costs £1.50 to play.



Our wide range of in-store Scratchcards offers players a choice of games ranging in price from £1 to £5. With a variety of play styles and top prizes of up to £2 million available, there's something for everyone.



With prizes that never run out and prices ranging from 25 pence to £5, our huge variety of online Instant Win games offers players the chance to win anything from a few pounds to a life-changing £100,000 a month for a year.

Our Performance in 2021/22

We achieved total National Lottery sales of more than £8 billion in the year ended 31 March 2022 and generated our best-ever returns to Good Causes from ticket sales. This is only the second time that total ticket sales have exceeded the £8 billion mark since The National Lottery's launch in 1994 – and, once again, underlines our position as one of the world's most successful and innovative lottery operators.

Total sales for the period were £8,090.7 million. This represented a decrease of £283.2 million on last year's record sales of £8,373.9 million, with the fall mainly attributable to lower sales of in-store Scratchcards and online Instant Win Games. Fewer big EuroMillions roll series compared with the previous year, combined with more base draws on the game than statistically expected, also contributed to the decrease.

In addition, the fact that people were able to more easily spend their money elsewhere as lockdown restrictions eased over the course of the year contributed to the sales decline – before falling consumer confidence in anticipation of rising inflation, soaring energy costs and increased National Insurance contributions began to bite towards the end of the period.

Despite these challenges, our strong sales performance in 2021/22 – and the game and channel mix over the year – saw us generate the best-ever returns to Good Causes from ticket sales for a second consecutive year. Including unclaimed prizes, we generated £1,911.8 million for Good Causes in total over the period – an increase of £24.3 million on last year.

This made it the second-highest annual amount generated for Good Causes in The National Lottery's history – second only to the £1,951.4 million raised in 2012/13 during London 2012 and which included a significantly higher amount of unclaimed prizes. It's also only the third time since 1994 that annual returns to Good Causes have surpassed £1.9 billion.

Under our operation, The National Lottery generated more than £36 million, on average, every week – or £60 every single second – for Good Causes across the UK during the year. And this money has proved vital in helping people, projects and communities to overcome, and rebuild from, the enormous challenges and impact of the Covid-19 pandemic.

Our success in growing returns to Good Causes over the year also ensured that we generated a record-equalling £3.1 billion for society through Good Cause returns, Lottery Duty – which helps to fund public expenditure throughout the UK – and the commission earned by our retail partners. Including prize money, we returned around 95% of all sales revenue to winners and society last year, clear evidence that we're continuing to deliver for everyone in the UK.

Achieving sales of over £8 billion two years in a row and maintaining very high levels of public participation in what remained another difficult trading year proves that our strategy of offering great consumer choice in a safe and convenient way continues to be successful. Our continued strong performance is also testament to the resilient, innovative and responsive business model that we've put in place over the last five years.

Our performance over the period was driven by a strong draw-based games performance – particularly on our flagship game, Lotto, which is a great barometer for the overall health of The National Lottery – as well as a steady showing in retail as we continued to provide significant support to our 44,500 retail partners despite disruption caused by the pandemic and changing shopper habits resulting in reduced levels of footfall.

Achieving sales of over £8 billion two years in a row proves that our strategy of offering great consumer choice in a safe and convenient way continues to be successful.

Our Performance in 2021/22 (continued)

Total National Lottery sales in 2021/22 were bigger than the total UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Pepsi Cola, Warburtons and Heinz combined.

(Source: 'Britain's Biggest Brands', *The Grocer*/Nielsen – March 2022)

Sales were also boosted by the unmissable National Lottery brand connection to the Tokyo 2020 Olympic and Paralympic Games through our summer-long campaign celebrating the contribution of National Lottery players in helping to propel our Olympians and Paralympians to success.

Total sales of National Lottery draw-based games in 2021/22 were £4,647.5 million, a slight dip on the previous year's figure. Maintaining sales of draw-based games at virtually the same level as the year before in the face of a range of challenges, however, underlines the importance of offering consumers a range of compelling and distinct games, and special event draws and game features that drive player engagement and excitement.

So, even though EuroMillions saw fewer big roll series and jackpots of over £100 million compared with the year before, the other games in our draw-based games portfolio – particularly Lotto and Set For Life – performed strongly throughout the year.

Lotto, for example, continued to consistently drive participation with its steady drumbeat of 'Must Be Won' draws. These continue to be hugely popular, particularly when players experience the 'Rolldown' feature – our unique game innovation that sees the jackpot, if it isn't won outright, shared among all of the winners at the other prize tiers, resulting in boosted prize amounts for everyone.

This feature typically sees over a million boosted cash prizes in a 'Rolldown' draw, and more than 30 million tickets have now won an additional £5 for matching just two main numbers since we introduced this new prize amount – fostering player positivity, excitement and engagement.

And, with its exciting top prize of £10,000 a month for 30 years, Set For Life continues to exceed sales expectations and bring in new players who are motivated by a monthly cash injection to fulfil their hobbies and passions.

Total sales of draw-based games continue to significantly exceed total sales of our Instants range of in-store Scratchcards and online Instant Win Games, which saw sales of £3,443.2 million in 2021/22. This was some £240 million lower than the previous year – and was largely due to greater competition for people's share of wallet after the lifting of Covid-19 restrictions and increased economic uncertainty over the second half of the year.

Scratchcard sales remain below pre-pandemic levels in line with people's changing shopping habits, while changes to online play and wallet load limits that we introduced at the end of the first quarter in 2021/22 as part of our work to promote healthy play contributed to lower sales of Instant Win Games. Fewer big EuroMillions roll series also had a knock-on effect on sales of these games, with fewer people buying them as spontaneous add-on products.



Our Retail Channel

We achieved in-store sales of £4,674.2 million in 2021/22. Although this was down on the previous year's figure of £4,864.4 million – due to the ongoing disruption caused by the pandemic in the early part of the year and, more latterly, the cost of living crisis slowing down the retail recovery as consumers put the brakes on their spending – retail remains the largest National Lottery sales channel, accounting for nearly 60% of all National Lottery sales.

As a result of this solid performance in such a challenging year, our retail partners earned £265.4 million in commission over the period, the equivalent of £6,000 per store. This takes the total commission earned by retailers since The National Lottery's launch in 1994 to more than £7.4 billion.

With around 44,500 retailers selling our products throughout the UK, the majority of which are independent outlets – and 94% of the UK adult population living or working within one mile of a National Lottery terminal – we're ensuring that The National Lottery continues to be convenient to play.

But this hasn't happened by chance. We work hard to ensure that we constantly adapt our market presence to better reflect the evolving retail landscape and we continue to forge new retail partnerships to bring in new players by taking account of changes in the way people are shopping. For example, we completed rollouts with Aldi and Iceland in 2021/22, which mean that National Lottery draw-based games are now available 'in lane' in more than 1,900 stores, driving convenience and impulse purchases at checkout tills.

We also continued to make National Lottery tickets available at self-checkouts. Following the successful rollout of this facility in 571 Asda stores nationwide, we're currently in talks with other major supermarkets to do the same in their stores. And, having rolled out National Lottery Scratchcards for home delivery with Asda.com and Tesco.com, we expanded our presence by launching this initiative with Morrisons and are also currently in a trial with Sainsbury's.

As frontline advocates for The National Lottery, our retail partners continue to play a huge role in its ongoing success. Maintaining strong relationships with them is critical to The National Lottery's future health and we're absolutely committed to continuing to support them in every way we can to help them make the very most of selling National Lottery products.

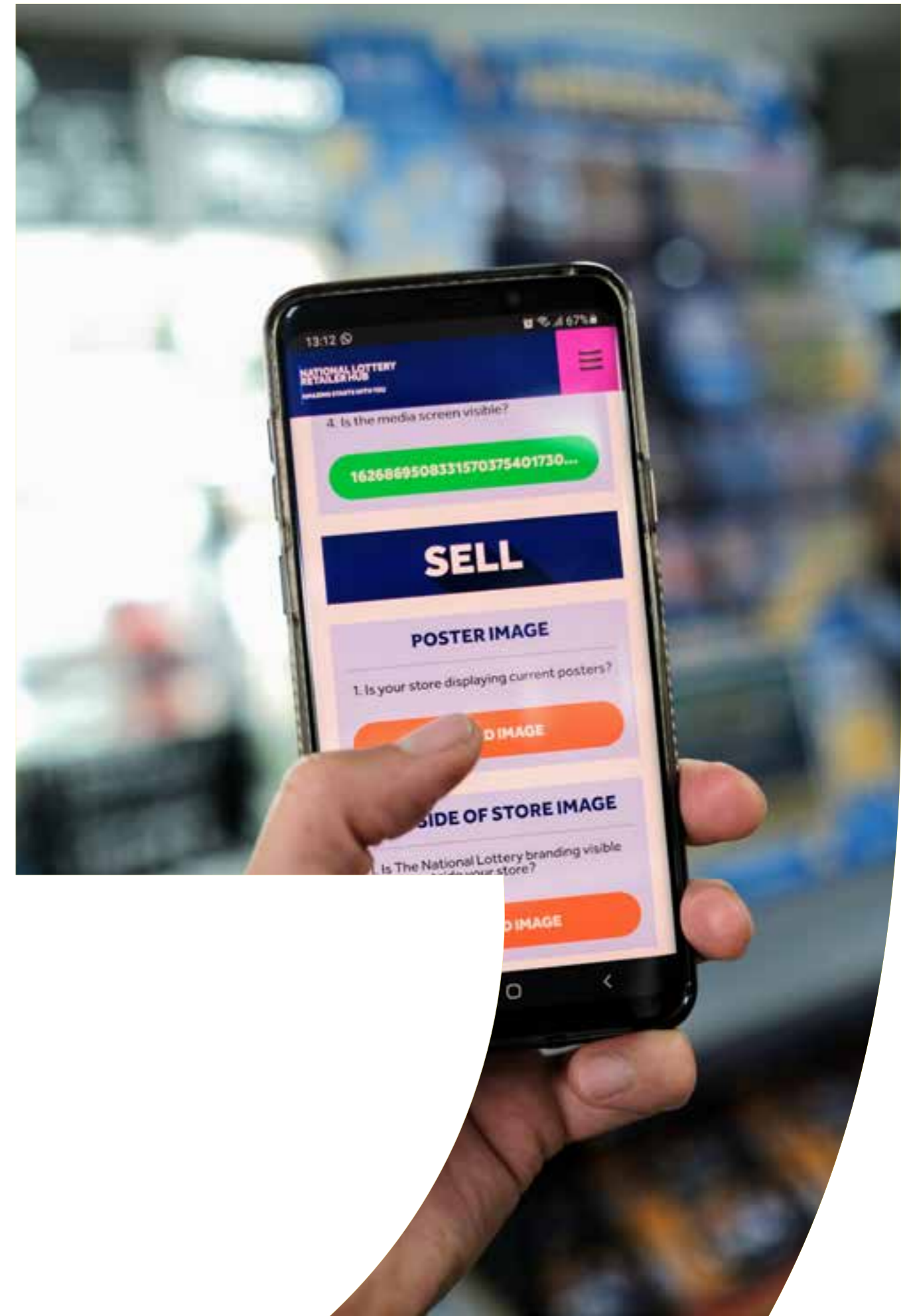
Throughout the year, we provided significant support to retailers to build on the improvements that we've seen in in-store standards and engagement across the retail estate over the past four years. In total, we had over 600,000 contacts with our retail partners during the year to further drive standards, healthy play and game event messaging.

We continued to invest in tools such as our dedicated retailer website, the National Lottery Retailer Hub (tnlretailerhub.co.uk), to give retailers quick and easy access to information and advice, and in initiatives such as our popular 'Site, Stock, Sell' standards and rewards programme, which helps independent retailers to improve their display and merchandising.

'Site, Stock, Sell' continued to prove enormously successful over the year and saw us achieve some of our best-ever in-store standards. As part of the initiative, retailers are automatically entered into a quarterly prize draw when they achieve high in-store standards relating to the sale of National Lottery games.

As well as offering one quarterly prize of £10,000, the programme offers 10 further quarterly prizes of £1,000 to give more retailers an opportunity to win a big reward. In total, we awarded £548,000 in cash prizes – over and above their usual retailer commission – to independent shopkeepers in 2021/22.

In addition to the quarterly prize draw winners, we ran a special bonus event in August which saw 25 retailers given tickets to The National Lottery's ParalympicsGB homecoming event at London's SSE Arena as a reward for playing their part in helping to deliver a truly special retail experience over the course of the Tokyo 2020 Olympic and Paralympic Games.





“After an extremely hard year for everyone, my wife and I will take great pleasure in treating our children and, if possible, I will use it to help expand my business so I can help support my loyal customers even more. The shop is like a community hub and having The National Lottery here allows us to interact with our customers and we get to see the excitement on their faces when they have a winning ticket!”

Javed Iqbal



Javed Iqbal, who owns Superway Keystore in Livingston, won £10,000 in August's quarterly 'Site, Stock, Sell' prize draw

Our Retail Channel (continued)

To further drive best-in-class in-store standards, we partnered with crowdsourcing specialist Shepper to use pioneering artificial intelligence to gain real-time insight by utilising photo-to-data conversion to review point of sale and Scratchcard availability in National Lottery retailers.

This helps us to monitor compliance and in-store standards, and ensures that we can provide near real-time additional support to retailers where necessary and help them to maximise sales opportunities, while also improving retailer efficiencies, commission levels and returns to Good Causes.

We also ran a number of initiatives that raise awareness of the incredible difference that National Lottery retailers and players make by selling and buying tickets. These included campaigns to help our retail partners showcase the amount raised to date for Good Causes by their store, as well as increased in-store activity around key national moments, such as Tokyo 2020 – all of which have further enhanced The National Lottery's presence in retail.

Even though we successfully completed the implementation of the change to the legal age to play The National Lottery from 16 to 18 in April 2021 – well in advance of the change in legislation which came into force in October 2021 – we carried out a great deal of work to ensure that all of our retail partners were fully prepared ahead of the new law taking effect.

This ongoing programme of support saw us launch a special 'Age to Play' page on the National Lottery Retailer Hub website to give retailers additional information and advice over and above the in-store training that we had already provided. We also issued regular reminders about the change in our bi-monthly retailer magazine, *Jackpot*, and through bespoke direct mail and email, terminal messages and telephone calls – all in addition to our usual programme of face-to-face visits – to ensure that the transition to 18+ was as smooth as possible for them.

With the change to age to play, the government announced the introduction of an 'Approved Sales System' for National Lottery products, which came into effect at the same time as the change to age to play in October. This meant that 16 and 17-year-olds could continue to sell National Lottery products, provided that they were either supervised by a staff member over the age of 18 at the time of sale or had been 'pre-authorized' in advance by an appropriate person over the age of 18.

To ensure that our retail partners were prepared for the new system, we updated our age to sell policy, and communicated the change in face-to-face visits with them, by direct letter and email, and through an updated Retailer Agreement and an authorisation log to record pre-authorized sales.

To take account of the change to the new age to play, we ran a pilot in June of our mystery shopper programme, which we've been running successfully for over 20 years, to test our new reporting and operational processes, as well as check that retailers are not selling National Lottery products to anyone underage.

Following a 93% first visit pass rate during the pilot phase, we launched our updated programme – 'Operation 18' – in parallel with October's change in legislation. This sees people aged 18 or over, but who look younger, visit stores and attempt to purchase a National Lottery game to test the retailer's ability to ask for an appropriate form of ID.

Despite not being able to deliver our full programme in 2021/22 because of disruptions caused by both Covid-19 restrictions and the legislative change, we still completed more than 8,850 visits, with 90% of retailers correctly asking for ID as proof of age on their first 'Operation 18' mystery shopping visit – rising to 95% for second visits. In the coming year, we plan to resume the full programme, which will see us complete 11,600 visits.



“With the age to play change from 16 to 18 in April last year, this has been a critical year for The National Lottery – and we can’t thank our retail partners enough for their hard work and dedication every step of the way.

“From updating all of their in-store POS and reminding customers in the lead-up to the change last year, to showing their ongoing commitment to preventing underage play through these fantastic ‘Operation 18’ results – it’s plain to see that our retail partners are totally committed to responsible retailing.”

Guy Goodacre, Camelot Retail Strategy Manager



Our Retail Channel (continued)

Our continued focus throughout the year on delivering in retail, achieving even better in-store standards, increasing distribution to bring in new players and delivering tailored customer service for our retail partners saw us achieve our highest retailer satisfaction score in a decade – with 75% of retailers either completely or very satisfied in 2021/22, rising to 78% in the last quarter of the year.

This level was last matched during the London 2012 Olympic and Paralympic Games, which received significant National Lottery funding. In total, 94% of retailers surveyed were either satisfied or very satisfied with the level of service that we provide – underlining the ongoing effectiveness of the comprehensive package of support that we've put in place to support them.

“Our 44,500 retail partners play an absolutely vital role as the face of The National Lottery for players in communities across the UK. So it's amazing to see that all of the initiatives we've introduced in recent years to make things better for our retail partners are paying off. It's particularly impressive in light of the ongoing challenging conditions that retailers are experiencing.

“Our retail partners have shown so much dedication in driving National Lottery sales – and, in turn, returns to Good Causes – and even more so when the going got tough. We are incredibly thankful to them for their support and will continue to do everything we can to keep satisfaction levels high.”

Jenny Blogg, Camelot Retail Director

Our Digital Channels

Sales across The National Lottery's digital channels were £3,416.5 million in 2021/22, £93.0 million lower than in the previous year. This was due to a reduction in player spend, following increased competition for people's attention and spend with the easing of lockdown restrictions, our introduction of lower online play and wallet load limits, and the increasing economic headwinds.

Despite this, our digital channels account for over 40% of total National Lottery sales. Our player engagement remains very strong and we continued to maintain player growth across our digital channels, through both strong retention of players who had migrated from retail as a result of the pandemic and highly effective ongoing acquisition activity.

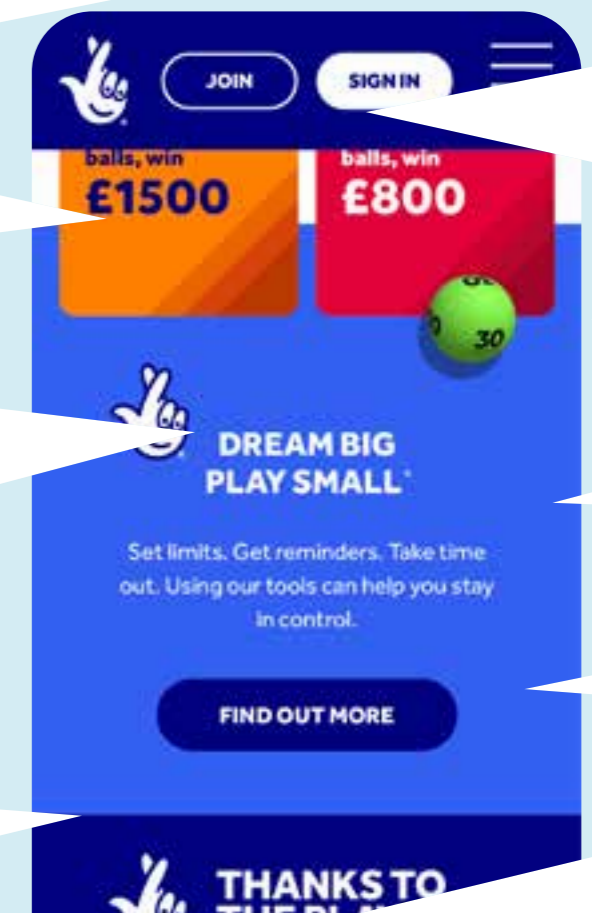
The latter saw us acquire 1.8 million new online player registrations over the year, taking our digital player base to a record 10.1 million active players, with the number of average weekly players growing by 6%. As a result, we continue to operate the largest digital lottery in the world by revenue and one of the leading e-commerce sites in the UK.

Playing on mobile continued to be the digital channel of choice for National Lottery players throughout the year. With sales of £2,449.4 million, playing National Lottery games on smartphones and tablets accounted for 72% of all digital sales. Much of this was driven by growth on the National Lottery's iPhone and Android apps, with sales growing by £93.5 million to an all-time high of £1,687.8 million – and accounting for almost half of all digital sales.

As well as benefiting fully from the previous year's launch of improved personalisation and machine learning capability to serve more relevant games to players, our app growth was underpinned by a series of smaller enhancements to give people an even better playing experience.

Even though it's widely recognised that National Lottery games pose a very low risk of causing harm to players, we know that, because of our scale and extensive reach, healthy play must be a driver in everything we do so that players can have a positive and enjoyable experience within a safe environment.

In line with this commitment, we introduced lower online play and wallet load limits at the end of the first quarter in 2021/22. This initiative continued the positive trend that we've seen regarding the proportion of Instant Win Game players who are considered at risk – and saw it drop to its lowest-ever level.





Our Digital Channels (continued)

We continued to invest in and promote our wide range of online healthy play tools and communications, including our 'DREAM BIG PLAY SMALL' portal, throughout player journeys. Where necessary, we also continued to have personalised interactions with the very small number of players who showed signs of potentially unhealthy play during the year.

As a result of this ongoing programme of work, average digital weekly spend has reduced year on year – with fewer than two Instant Win Games played per person per week on average in 2021/22.

Looking ahead, digital remains an important source of growth for The National Lottery. We'll therefore be looking to build on the further improvements that we've made this year to reinforce our position as a world-leading digital lottery operator, and to deliver even more for our players by continuing to invest and innovate to ensure that playing National Lottery games online is as easy, enjoyable and safe as possible.

Playing on mobile continues to be the digital channel of choice for National Lottery players – with sales through smartphones and tablets accounting for 72% of all digital sales.

10.1M

With a record 10.1 million active registered players, we continue to operate the largest digital lottery in the world by revenue

The National Lottery Brand

As well as working hard to support our games and sales channels, we carried out a huge amount of activity during the year to make The National Lottery brand more relevant and visible – and to better connect The National Lottery's unique purpose with play – by raising awareness of the extraordinary good that it does and emphasising the all-important contribution of players.

Working closely with the wider National Lottery family – particularly the National Lottery distribution bodies – we made excellent progress in building the long-term health of the brand in 2021/22 through our brand-led marketing approach. This saw a number of special campaigns and promotions to drive mass participation by showcasing The National Lottery's role in national life and to thank National Lottery players for supporting a huge range of initiatives across the UK.

In line with the increasing relaxation of Covid-19 measures in the first part of the year, we launched a new brand campaign – the next evolution of our successful 'Your Numbers Make Amazing Happen' campaign, which highlights the positive impact of The National Lottery on all aspects of society – to celebrate the "fun stuff that happens when we all play a little".

Running across TV, radio, digital, Out Of Home advertising and social media, the campaign featured a range of National-Lottery funded projects – from beach-cleaning and museums to community sports and music programmes – and shared the stories of the people involved in them to reinforce the connection between players buying a National Lottery ticket and the £30 million-plus raised for Good Causes every week.

In June, we saw the welcome return of The National Lottery Promotion Unit's National Lottery Open Week, which saw a fantastic range of venues and projects from around the UK say thank you to National Lottery players for the huge sum of money that they raise each week for Good Causes. As well as free entry, the campaign offered a variety of exclusive discounts and special offers to attractions and experiences for anyone with a National Lottery ticket or Scratchcard.

In partnership with the British Film Institute, we also ran National Lottery Cinema Weekend in June after its absence the previous year. The event saw around 500 cinemas across the UK offer more than 200,000 free adult tickets for any film screening across the weekend, as a thank you to National Lottery players for their vital contribution to film.

In July, we partnered with leading UK charity Music Venue Trust – which aims to protect, secure and improve the UK's live music network – for a unique initiative, The National Lottery's Revive Live Tour, to support the UK's grassroots live music industry, which, like many other industries, saw venues hit hard since the onset of the pandemic.

The groundbreaking collaboration saw The National Lottery contribute £1 million to directly underwrite the touring and production costs of live performances over the summer once venues were able to re-open, with National Lottery players able to bring a plus one for free, as a thank you for the amazing support they give to the UK's music industry.

Following the overwhelming success of the tour, it ran for a second phase in January. Across both tours, 457 live gigs were performed in front of 118,000 music fans at 278 venues across the whole of the UK – with almost 60,000 tickets given away to National Lottery players. A third run of the tour is now set to take place in summer 2022.

The National Lottery Brand (continued)

In July, we launched and executed The National Lottery's largest-ever brand campaign for the Tokyo 2020 Olympic and Paralympic Games. This involved an unmissable, summer-long, fully integrated multi-channel programme of activity – including a bespoke TV campaign featuring eight athletes and parathletes, and a reactive digital campaign celebrating every medal won at the Games – that reminded people that, every time they play a National Lottery game, they directly support Team GB and ParalympicsGB.

We then went further to make the connection between play and purpose by devising and staging two unique homecoming events in August and September at The SSE Arena, in Wembley, to welcome back our Olympic and Paralympic heroes from Tokyo at two of the first major live entertainment events since the pandemic began – and the first opportunity for the athletes to show off their medals, and be reunited with fans, friends and family after the restrictions in Japan.

Set against a backdrop of magical moments from the Games, the landmark occasions combined the worlds of music, entertainment and sport to celebrate the Olympians' and Paralympians' incredible achievements. As well as being broadcast at primetime on BBC One and Channel 4, the events were attended for free by more than 16,000 lucky National Lottery players – as well as several hundred key workers – to thank them and give them a chance to celebrate with the Olympic and Paralympic teams.

In October, we launched The National Lottery's Days Out campaign to inspire people to have fun days out over the autumn and to help the UK's tourism industry recover from the challenges of the pandemic. The campaign, run in partnership with VisitBritain, saw The National Lottery offer vouchers to anyone with a valid Lotto ticket that could be used to claim up to £25 off entry to hundreds of attractions and experiences across the UK.

Whether it was an adrenaline-filled day or one full of mindful moments, the campaign offered something for everyone, including theme parks, medieval castles, escape rooms, zoos, aquariums, museums, gardens and much more. With 94 of the top 100 most-visited tourist attractions in the UK having received National Lottery funding, the initiative also reminded players how they transform the UK for the better every time they buy a National Lottery ticket.

The campaign was hugely successful, leading VisitBritain to extend the promotion and resulting in over 200,000 vouchers being redeemed by National Lottery players.

“VisitBritain is very pleased to be supporting The National Lottery Days Out campaign to encourage more of us to get out and discover the fantastic visitor attractions and experiences here on our doorstep, and enjoy a great day out with family and friends.”

Sally Balcombe, VisitBritain CEO



Micky Yule, who won a Paralympic powerlifting bronze medal at Tokyo 2020

The National Lottery Brand (continued)

In January, The National Lottery brought together the biggest shows from the world of musical theatre for The National Lottery's Big Night of Musicals to thank National Lottery players for the £228 million of National Lottery funding that has helped to support performing arts and more than 2,000 theatres throughout the pandemic.

The spectacular celebration – hosted by comedian, presenter, actor and singer Jason Manford, and held at the AO Arena in Manchester in front of an audience of 13,000 and aired on BBC One – featured performances from 13 of the UK's best-selling theatre shows and shone a light on the magic of musicals as theatres looked to welcome back audiences to see live performances once more.

And in February, The National Lottery teamed up with leading theatre membership body UK Theatre to launch 'Love Your Local Theatre'. Supported by TV presenter, Girls Aloud singer and star of the stage Kimberley Walsh, the campaign encouraged the public to support local theatres as they recover from the pandemic.

With The National Lottery providing up to £2 million to subsidise around 150,000 tickets nationwide, over 100 theatres across the UK signed up for the campaign, in which National Lottery players could buy one ticket and get another free for performances throughout March as a thank you for the millions of pounds that they raise every week for Good Causes.

“We are so privileged to have so many incredible theatres and entertainment venues across the UK. I have been lucky enough to perform in many of them. Without our local theatres, the face of UK entertainment would look very different and it's amazing The National Lottery is providing £2 million to support them. The entertainment industry was particularly impacted by the pandemic, and that's why the Love Your Local Theatre campaign is so important in supporting their recovery.”

Kimberley Walsh



Beverley Knight, star of *The Drifters Girl* musical, took to the stage at The National Lottery's Big Night of Musicals

In addition to all of this activity over the year, we partnered with ITV in December through a sponsorship deal for two of the broadcaster's biggest shows – *The Masked Singer UK* and *Ant & Dec's Saturday Night Takeaway* – to help us further drive awareness of The National Lottery brand and to deliver on its overarching brand narrative, 'Amazing things happen when lots of people play a little'.

This marks the second year that we've teamed up with ITV's flagship shows – and puts The National Lottery firmly at the heart of Saturday night entertainment, bringing stellar entertainment to viewers for three months and enabling us to connect National Lottery games with some of TV's biggest audiences.

We're also proud that our marketing work was externally recognised in a year that saw us win several prestigious marketing awards. These included The Marketing Society Brand Revitalisation Award, The Marketing Society Finance Director Prize and The Marketing Society Grand Prix Award. In addition, we won the Marketing Week Masters Award for Long-Term Brand Building Excellence, while our Chief Marketing Officer, Keith Moor, was named as the Marketer of the Year in the same awards.

As a result of all of the work we've been carrying out to maximise the connection between play and purpose, and by ensuring that The National Lottery is front of mind at key national moments, positivity towards The National Lottery brand has been growing since 2017 and once again exceeded its target over the year.

OUR WINNERS

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 £86 billion in prize money to players and created more than 6,500 millionaires or multi-millionaires who, between them, have shared an incredible £16.8 billion.



£1,000,000
WINNER

Our Performance in 2021/22

The National Lottery continued to transform lives in 2021/22, with 839 players – including 364 new millionaires – winning a prize of £50,000 or more and sharing over £1 billion between them. In total, The National Lottery awarded £4,612.3 million in prize money over the course of the year, £242.4 million less than last year's record amount in line with this year's lower sales.

Builders were the year's luckiest profession, with people working in the engineering/manufacturing and health service sectors the next most likely to win a National Lottery jackpot – while Libra was the luckiest star sign over the 12 months, followed closely by Sagittarius, Aries and Cancer.

The biggest win of the year came in April 2021 when a UK ticket-holder scooped a massive EuroMillions jackpot of £122.5 million, making them the fifth biggest National Lottery winner of all time. According to *The Sunday Times Rich List 2020*, the anonymous ticket-holder immediately became the 976th richest person in the country at the time, with a fortune greater than Real Madrid and Wales winger Gareth Bale (£114 million) or former world heavyweight boxing champion Anthony Joshua (£107 million).

The year also saw four other lucky UK ticket-holders – all of whom chose not to reveal their identities – strike it rich after winning massive EuroMillions jackpots. In the second big win for the UK in a month, a ticket-holder won £59 million in April, while in June, another bagged an amazing £111.5 million jackpot, propelling them into ninth place on The National Lottery Rich List of biggest-ever wins.

In August, a lucky ticket-holder from the UK shared a £54.6 million jackpot with players from France and Belgium – and took home an £18.2 million slice of the top prize. And, last but not least, another UK ticket-holder won an incredible £109.9 million jackpot in February 2022, putting them in 10th place on The National Lottery Rich List.

The UK's winning streak on the game has continued into the new financial year, with Joe and Jess Thwaite from Gloucester becoming the UK's biggest-ever National Lottery winners after landing a record-breaking £184 million EuroMillions jackpot in May 2022.

The biggest UK winners to share news of their win in 2021/22 were West Lothian couple Paul and Louise Drake who banked a £5.1 million Lotto jackpot in August. For someone who admits to not being an emotional person, Paul could be forgiven for his reaction once he realised he'd won. After checking his numbers as he sat in his car ready to head out to work at 4.30am, he burst into tears and ran back into the house screaming to wake up Louise.

The couple, both key workers throughout the pandemic, are determined to keep life as normal as possible but are also busy making exciting plans for the future. Car and golf fanatic Paul has set his sights on a Porsche and possibly a state-of-the-art Range Rover too, as well as lots of days out on the golf course, while Louise wants to pursue her love of travel with trips to New York and Florida.



"We've both worked hard all our lives, as did our parents before us. This money is absolutely amazing, and it will change our lives dramatically from a financial perspective, but we won't let it change who we are. I'll still chase a bargain and I definitely won't be paying £6.50 for a bacon roll at the golf club!"

Paul Drake



“The money means I have the resources and comfort to work on my portfolio and, when the time is right, I can do a university or college course. I have always loved art and animation, and now I can make my own dream come true!”

Alicia Harper

Meet Some of the Year's Other Big Winners...

With the equivalent of nearly one new National Lottery millionaire being created every single day in 2021/22, there were plenty of amazing winners' stories to be told. Here are just a few of the year's highlights.

Alicia Harper

Expectant mum Alicia almost missed the deadline to buy what became her winning EuroMillions ticket in June. She bought her usual Lucky Dip tickets using the National Lottery app just 10 minutes before entries closed and, after noticing a few extra pounds in her National Lottery account, decided to buy another one. And it was the additional ticket she bought that proved to be the life-changing one – matching the UK Millionaire Maker code in the draw to scoop £1 million. With a baby boy on the way, art lover Alicia, from Arbroath, toasted her amazing win with a glass of Irn Bru instead of the traditional bubbly and is looking forward to fulfilling her dream of becoming a digital illustrator.

Terry Kennedy

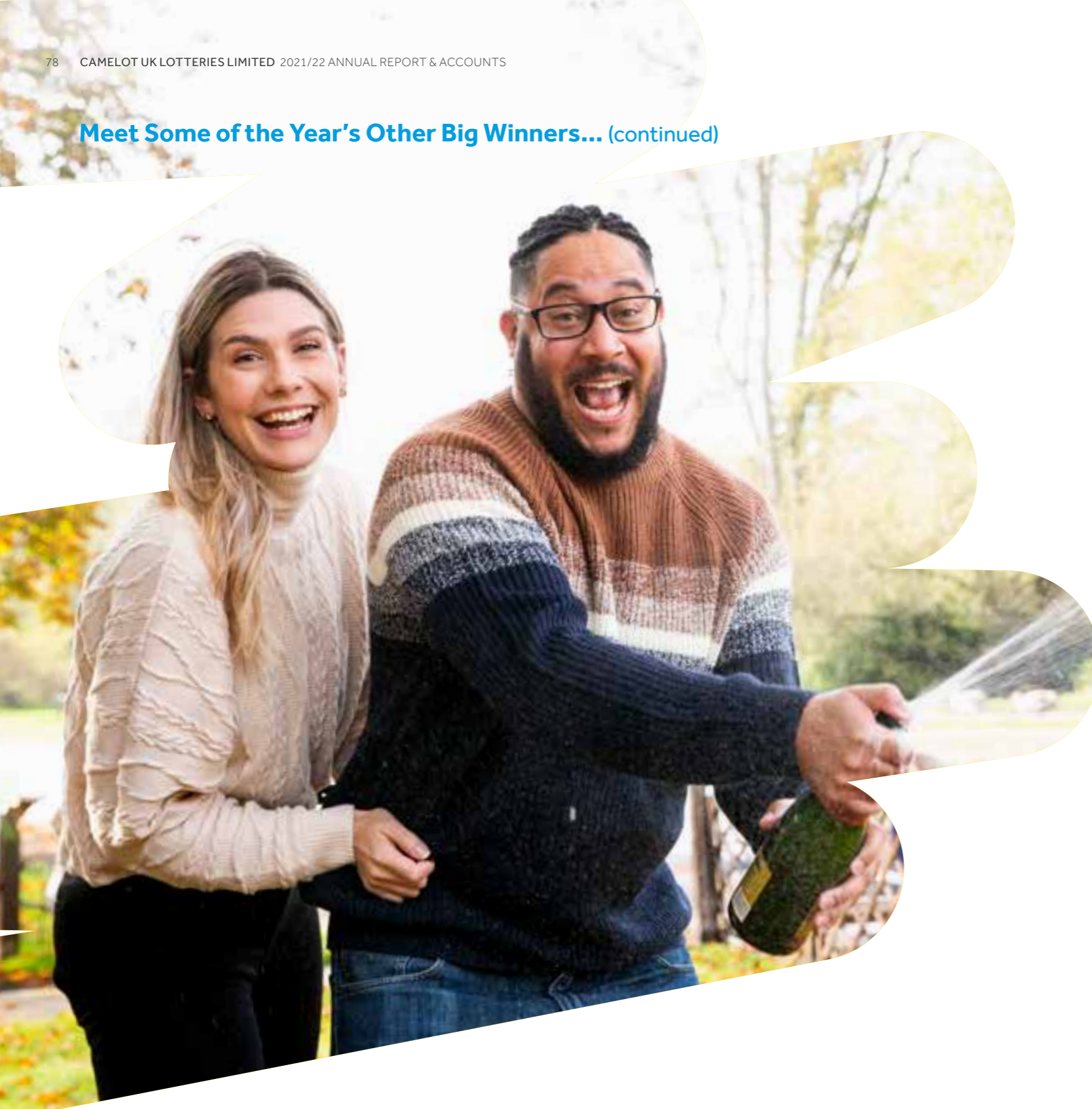
Terry became an internet sensation in December when footage of him receiving confirmation that he'd won a life-changing fortune went viral. The builder from Barnsley was on a break at work when he scanned his Lotto ticket to find that it was worth £1 million. After re-scanning the ticket a number of times in disbelief, he picked up the phone to Camelot while sceptical colleagues gathered around – one of whom filmed the conversation – and it was there and then that his Lucky Dip ticket was confirmed as a winner. The whole story could have been very different, as Terry, pictured with partner Kay Yoxall, almost left the ticket on the shop counter before the assistant called him back and joked that it could make him a millionaire. Turns out it did!

“I was confused at first and just couldn't be sure it was a winner. Despite all the checks, it isn't until you hear on the phone that it is a £1 million win that you really believe it. Making the call in front of my mates and colleagues was brilliant, and I immediately took them to the pub for a celebratory pint.”

Terry Kennedy



Meet Some of the Year's Other Big Winners... (continued)



"We were both so shocked that I decided the only sensible option was to pour myself a G&T and Ben a Guinness, then we sat in the garden for an hour staring into space, looking at each other and giggling like children, then staring again before bursting into laughter once more. It was the most surreal and most wonderful time."

Holly Saul

Holly Saul and Ben Lowther

Family WhatsApp groups can be the source of many interesting conversations – but it's not all that often that they help make millionaires. But for Cambridge mum Holly and her partner Ben, this one did. A friendly reminder in October from Holly's father-in-law to buy a EuroMillions ticket prompted her to get one and saw her win £1 million in the UK Millionaire Maker draw. Holly was just putting her baby down for a nap when she checked the National Lottery app and saw news of her life-changing win – but, as the baby wasn't quite asleep, she was unable to leap up or shout out to Ben. The couple will be using their good fortune to find their forever family home, as well as helping their parents fast track their retirement.

Ian and Sandra Black

Sticking to his daily routine paid off handsomely in January for Ian, a tyre factory worker from Carlisle. His habit of buying a newspaper each day after working the night shift was almost scuppered by roadworks outside the shop, nearly leading him to keep on driving. Fortunately, something convinced him to stop anyway and, once inside, his eye was caught by the Monopoly Deluxe Scratchcard, so he bought one. He scratched it off outside to find he had won the £2 million top prize. Letting out a scream, he immediately drove home to tell Sandra, who then almost fainted. Although they're still coming to terms with their amazing win, some treats for the family – the couple have five children and 10 grandchildren – are definitely on the cards.

"I kept questioning, is this really £2 million? You always dream about it, but it just doesn't happen to people like Sandra and I. Well, now we are proof it does! To think I almost didn't go into the shop that morning because of the roadworks. I really was so close to just driving past!"

Ian Black



Meet Some of the Year's Other Big Winners... (continued)

Pratap Patel

Supermarket car parks aren't usually that memorable. But for Wembley father-of-three Pratap, there will be one that always has a place in his memory – because it was where he found out that the five main numbers he'd matched on his EuroMillions ticket had netted him £102,904. Pratap's winning journey started when he bought a few Lucky Dip lines while doing the weekly shop in August. Popping the ticket in his wallet, he thought nothing more about it until he went to the supermarket two days later and took his tickets with him to be checked. With his winnings safely banked, Pratap was in no rush to make any big plans – but admitted that he was going to enjoy every second of the daydreaming and planning.



"The person on the counter put my ticket through the machine and handed me a slip of pink paper, explaining I'd had a win but that it was too much to pay out from the till and I needed to call Camelot. I took the slip and called the number from the supermarket car park, and when the lady confirmed the win and told me how much, I nearly fell over. It's just incredible – you don't expect to hear you are £102,904 richer while standing in a supermarket car park!"

Pratap Patel



"I couldn't believe it. I still can't, it's been such a whirlwind. When the money popped into my account, it was bizarre seeing all those zeros in there, especially since I had Covid and couldn't even go out and celebrate the win."

Mark Francis



Mark Francis

Devoted rugby fan Mark will be taking his love for the sport international after scooping £1 million in the UK Millionaire Maker draw in January. The delivery driver from Swansea, who found out that he had become a millionaire on his first day self-isolating with Covid-19, is looking forward to using some of his windfall to travel to stadiums around the world to watch his favourite teams – the Ospreys, Wales, and the British and Irish Lions – on their foreign tours. However, not all of Mark's travel plans include rugby. Later this year, he and partner Helen will be heading to Greece to celebrate his 50th birthday. True to form, the couple celebrated his win at the Ospreys' home ground, the Swansea.com Stadium, where Mark is a season ticket-holder.

“Every one of these knitted mini donks and carrots have been made by someone, like me, who was lucky enough to enjoy a win on The National Lottery. It would be nice to think that some of our luck might be passed on along with these knitted toys!”

Debra Pearce



Winners Giving Back

Winning big on The National Lottery isn't just incredible news for the winners and their friends and families. It's also wonderful news for the many charities and fantastic causes that National Lottery winners support with their new-found wealth and spare time.

Susan Crossland, Debra Pearce and Others

In December, a group of 18 National Lottery winners picked up their knitting needles and knitted donkeys for National Lottery-funded Miniature Donkeys for Wellbeing (aka Mini Donks), which provides miniature donkey visits to groups of people with conditions such as dementia.

The not-for-profit South Norfolk social enterprise needed more knitted donkeys to sell at its Christmas pop-up gift shop, and the team of National Lottery winners answered the call – creating a 'herd' of lovingly-crafted, limited edition mini donks which went on sale at Beccles Christmas Lights Switch On.

Funds raised by the sale of the special knitted donkeys help Mini Donks carry out visits to those with life-limiting conditions and help keep the superstar animals fed throughout the winter months.

National Lottery winners Susan Crossland, who won £1.2 million in 2008, and Debra Pearce, who won £1 million in 2017, presented Mini Donks with a wheelbarrow full to the brim with knitted mini mules, as well as some knitted carrots. Debra is no stranger to Mini Donks – she was also part of a team of winners who visited the project during the summer of 2021 to build a yard extension.

Winners Giving Back (continued)

Ben Woods, Emma Cartwright, Annette and Andy Dawson, and Others

A team of National Lottery winners from across the North West spent a summer's morning on the coast in August. But rather than working on their suntans, the volunteers collected litter from New Brighton beach and the Wirral shoreline.

With a combined wealth of almost £20 million, the nine winners spent the morning collecting more than 20 sacks of waste, ranging from plastic water bottles and picnic debris to ocean rubbish and old ropes. They worked alongside National Lottery-funded project, The 2 Minute Foundation, which aims to educate people across the country about the coastline, the creatures which inhabit it and what can be done to protect it.

Among the winners taking part were Ben Woods, who scooped a £2.4 million Lotto jackpot in 2004; Emma Cartwright, who scooped £6.5 million on EuroMillions in 2009; Annette and Andy Dawson, who won £1 million on EuroMillions in 2015; Ruth Breen and Simon Dart, who won £1 million on EuroMillions in 2014; and Geoff and Hilary Bennette, who won a £3.5 million Lotto jackpot in 2011.

“It is always great to be able to give something back in terms of our time. It is something close to my heart, as a father, to ensure our beaches are kept clean so everyone can enjoy them to their full potential. And it seems more appropriate than ever right now to be doing something like this in the year of the great British staycation!”

Ben Woods





Winners Giving Back (continued)

“The smile on Eva’s face when we handed the hamper over is something we will never forget. Christmas can be a very difficult time for lots of people. We are delighted to be supporting York Neighbours this year, making hampers and bringing early festive joy to those who may not have a Christmas filled with lots of cheer this year.”

Elaine Leason

Elaine and Rob Leason

National Lottery winners Elaine and Rob Leason brought some early Christmas cheer to people struggling with isolation and loneliness in the York area in November.

The pair, who scooped a £1.4 million share as part of the Tesco Drifffield Lotto jackpot-winning syndicate in 2005, have always loved supporting charities – and often dress up as Santa and his Chief Elf to spread some Christmas joy. And, with the pandemic preventing them from giving back in person in 2020, they were delighted to be back out on the streets again dressed in their festive finery.

Complete with a vintage car, which doubled up as Santa’s sleigh, Elaine and Rob made 10 festive hampers and delivered them to some of the people supported by National Lottery-funded charity, York Neighbours – including 103-year-old Eva Session, who says that the charity has been a real lifeline for her. The project helps more than 475 vulnerable people across the city, enabling them to lead independent lives and reducing their social isolation and loneliness.

Winners Giving Back (continued)

Chris and Geraldine Bradley, Nigel Willets, and Richard and Faye Davies

In December, a group of National Lottery winners played 'Santa Paws' by mucking in to help a Welsh pet food bank get ready for a busy festive season.

The team of volunteer winners arrived at National Lottery-funded Cariat Pet Therapy ready to get stuck in. They included Chris and Geraldine Bradley, whose grandfather, Bob, won £3.6 million on Lotto in 2006; Nigel Willets, who won £1 million on EuroMillions in 2014; and Richard and Faye Davies, who won £1 million on EuroMillions in 2018.

The group parcelled up donated pet food, restocked shelves and met some of the people who have benefited from the service. Cariat Pet Therapy, founded by volunteers Rob Thomas and his wife Chrissie, works with 50 volunteers who take dogs to visit residential care homes, schools, hospital wards, and isolated and elderly people, as well as workplaces across West and South Wales.

Since January 2021, the project has also operated a pet food bank for people struggling to afford meals for their furry friends. The pandemic has put extra financial strain on many households and so far the food bank has donated just under 70,000 meals for animals in need.



“Getting out and about, seeing the Good Causes that players of The National Lottery help to fund is one of the highlights of being a National Lottery winner, so it felt really good to be back in the community again.”

Nigel Willets

Libby Elliott, Sheila and Duncan Davidson, Fred and Lesley Higgins, Jim and Pam Forbes

In March, seven National Lottery winners from Scotland joined forces at the National Lottery-funded Trees for Life Dundreggan Rewilding Estate to help plant trees in a bid to support the restoration of the globally unique Caledonian Forest, which once covered much of Scotland.

Trees for Life aims to rewild the Scottish Highlands, providing space for wildlife to flourish and communities to thrive – with Dundreggan, home to over 4,000 species of plants and animals, the charity's most significant project to date. After years of natural and man-made destruction, the new wild forests will help reduce the impacts of climate change by storing carbon and preventing flooding and erosion.

With a combined worth of over £65 million, the group comprised Libby Elliott, who won £2.1 million on Lotto in 2012; Sheila and Duncan Davidson, who won £4.5 million on Lotto in 2012; Fred and Lesley Higgins, who scooped a £57.9 million EuroMillions jackpot in 2018; and Jim and Pam Forbes, who won £655,838 on EuroMillions in 2017.

After learning about the work of the charity through a series of educational tours, the winners explored the Rewilding Centre, which is set to open in 2023 and will welcome a larger and more diverse audience to discover the restored landscape – before playing their part by planting trees in the regenerating forest.



“As big outdoor lovers, it was a no-brainer for us to get involved in supporting the project. We're blessed to live in a country as beautiful as Scotland, so it's important that we all play our part in protecting its natural environment and the wildlife species that live in it.”

Sheila and Duncan Davidson

NATIONAL LOTTERY GOOD CAUSES

Every time somebody plays a National Lottery game, they help to make the UK a better place. That's because, for every National Lottery ticket sold, a proportion 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 country.

The National Lottery-funded Falkirk Wheel in Central Scotland opened in 2002. It is an engineering marvel – and the world's first and only rotating boat lift.



From repairing village halls, supporting the most vulnerable and disadvantaged in society, and protecting the environment to preserving the nation's heritage, breathing fresh life into local communities across the UK, and helping to make world-beating Olympic and Paralympic champions, inspirational people and their innovative projects are doing extraordinary things – week in, week out – with the help of National Lottery funding.

Besides that, since its launch in 1994, The National Lottery has created thousands of jobs, provided more than a million training volunteering opportunities, and helped to build vibrant, internationally renowned and award-winning arts and film industries.

To date, National Lottery players have raised over £46 billion for Good Causes – money that has funded more than 670,000 projects in total across the arts, sport, heritage, health, education, environment and community/charity sectors. With the equivalent of around 240 lottery grants in every postcode district, almost everyone in the UK has benefited from a National Lottery-funded project.

How Money for Good Causes is Allocated

Although we're 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

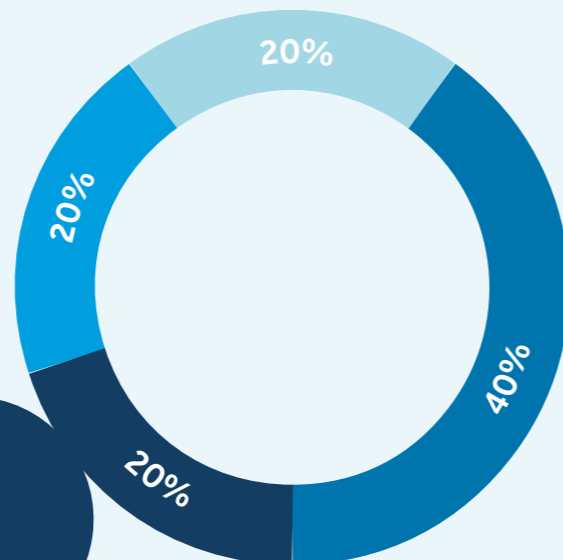
- Sport England
- Sport Northern Ireland
- sportscotland
- Sport Wales
- UK Sport

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 Digital, Culture, Media & Sport.

In the year to 31 March 2022, the money we delivered for Good Causes was allocated as shown on the right:

- Arts
- Community (including health, education, environment and voluntary/charity)
- Heritage
- Sport

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



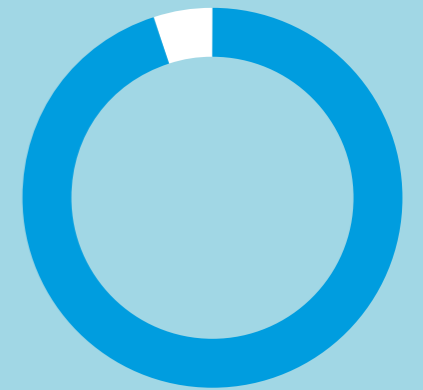
Our Performance in 2021/22

Our success in exceeding the £8 billion sales mark for the second year running in 2021/22 saw us generate £1,911.8 million for Good Causes over the period – an increase of £24.3 million on the previous year. This included the best-ever returns to Good Causes from ticket sales for the second year running – and takes the total that The National Lottery has raised to date for Good Causes to over £46 billion, around 65% more than government expectations at launch.

Under our operation, The National Lottery generated more than £36 million, on average, every week for Good Causes across the UK over the year – the equivalent of £60 being raised every single second. Combined with the amount it also delivers for the government through Lottery Duty – some £970 million in 2021/22 and which helps to fund public expenditure throughout the UK – The National Lottery delivered more than £55 million a week, on average, for UK society.

Including Lottery Duty and the commission earned by our retail partners, The National Lottery continues to deliver for everyone in the UK by returning around 95% of all sales revenue to winners and society.

As well as helping to fund truly world-class arts, sports and heritage projects of which the UK can be proud, The National Lottery continues to make 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 have been, or face being, cut. While not as high profile as some of the larger awards, these smaller grants have a huge impact locally.



95%
We return around 95% of all sales revenue to winners and society



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

£46B

The National Lottery has now raised around 65% more for Good Causes than government expectations at launch



Helping to Make the UK a Better Place

Thanks to National Lottery players, more than £36 million, on average, was generated every week for Good Causes across the UK in 2021/22 – money that has proved crucial in supporting people, projects and communities to overcome the unprecedented challenges and impact of the Covid-19 pandemic. The following pages highlight just a small number of examples showing how National Lottery funding is being put to good use to help make the UK a better place.

The National Maritime Museum in Greenwich, home to one of the largest and most important maritime collections, has benefited from significant National Lottery funding

Helping to Make the UK a Better Place (continued)

Tackling Homelessness

Although he's now a regular fixture on screens across the UK, professional dancer and *Strictly Come Dancing* star Neil Jones was in a very different position a few years ago and, for a brief time, even found himself sleeping rough on the streets as a teenager.

In December, and with Christmas fast approaching, Neil helped to highlight the extensive funding and assistance that The National Lottery has provided to homelessness projects over the last decade. Since 2010, more than £576 million has been awarded to more than 3,000 projects that support homeless people or help to tackle homelessness throughout the UK.

The National Lottery Community Fund, the largest funder of community activity in the UK, alone has awarded more than 600 grants worth around £80 million to projects that involve homeless people since the start of the pandemic.

With many people unable to spend the festive season in comfort and safety this year, charities warned that the double threat of Covid-19 and cold weather was likely to prove fatal for some homeless people this winter. However, thanks to financial backing from The National Lottery, many organisations have been able to provide immediate and much-needed help for thousands of homeless people throughout the year, including over the critical Christmas period.



Tackling Homelessness (continued)



“With winter upon us and Christmas just around the corner, now is the perfect time of year to spare a thought for those who don’t have a home to go to or have somewhere safe, comfortable and warm to sleep over the festive period. Thankfully, there are countless incredible charities and organisations doing some really incredible work supporting homeless people across the UK with National Lottery funding. Having experienced homelessness myself, I know just how crucial that kind of support is. I’m incredibly thankful to have made it through that dark period in my life, but, this Christmas, I hope people will take a moment to think about those who are still experiencing such challenges.”

Neil Jones, *Strictly Come Dancing* star

From left to right: Neil Jones; Jamie-Lee McMillan, former Peer Advisor Participant at St Giles Trust, and Raymond Longville, Case Worker at St Giles Trust – both of whom have lived experience of addiction and homelessness

This vital funding helps dedicated groups and volunteers to support homeless people in countless ways – whether it’s providing them with essentials such as shelter and food, helping them onto the employment ladder, or offering crucial services to improve their mental health and wellbeing.

One incredible project that has benefited from National Lottery assistance is St Giles Trust, a charity which helps people held back by poverty, exploitation, abuse, addiction or mental health problems, or crime – or a combination of these issues and others. The organisation shows people that there is a way to build a better future – for themselves and those they care about – and helps them create this through support, advice and training.

Its Peer Advisor Programme was first developed in 2002 at HMP Wandsworth to train serving prisoners to give advice and guidance to fellow inmates. It has since expanded to 30 prisons and youth offending centres across the UK. Thanks to National Lottery funding, the charity has been able to roll out the model to help those in the community – particularly ex-offenders, addicts and homeless people – through a system of UK-wide Peer Hubs.

Helping to Make the UK a Better Place (continued)

World Animal Day 2021

To celebrate World Animal Day (4 October) – an annual event that aims to raise the status of animals around the world – The National Lottery highlighted some of the heart-warming stories of how animals, through some of its funded projects and charities across the UK, are helping people in need across the country.

Over the last five years alone, The National Lottery Community Fund has awarded more than £17 million to around almost 200 animal-related projects that support people most in need. Whether they are reducing loneliness, providing physical support or improving people's mental health, animals help humans in countless vital ways.

Thanks to National Lottery players, hundreds of projects across the UK are able to make a positive impact on people's lives with the help of some incredible animals. These include city and community farms; the training of rescue dogs that help emergency services during natural disasters; initiatives that support people with disabilities and behavioural issues; and organisations that provide animal-assisted therapy.

One of the National Lottery-funded projects to share its story was Pembrokeshire-based Cariad Pet Therapy. Set up in 2018 to provide pet therapy visits in a range of settings – from schools and hospitals to workplaces and care homes – the project has 44 pet owners and therapy dogs on its books, and works with some of society's most vulnerable and isolated people.

The charity received a National Lottery grant of £9,480 in January 2020 to extend its 'Dogs on your Doorstep' programme to socially isolated people who can no longer look after a dog themselves.

It also runs a Pet Food Bank and, between January and July 2021 alone, it donated more than 40,000 meals to people who were struggling to feed their animals.

In Selkirk, horse charity Stable Life was awarded £120,000 from The National Lottery in 2020 to provide equine-assisted learning to children and young people aged from 10 to 18 with a range of social, emotional and behavioural issues.

The programme aims to improve confidence and self-esteem, help children develop social skills and manage problematic behaviour, teach good citizenship, improve health and wellbeing, and prepare children and young people to engage successfully with mainstream education and other services.

Wag and Company in Hexham is another charity helping to reduce isolation and improve the wellbeing of people through dog visits. With the support of over £200,000 from The National Lottery, the project has been able to fund its home visiting service to vulnerable and isolated people, including those with dementia. Launched in 2016, it now has more than 400 volunteers and dogs – and has made over 76,000 'friend' visits.

The Friends of Assisi Animal Sanctuary in Conlig, Bangor, Northern Ireland was awarded £9,000 from The National Lottery in May 2020 so it could continue to run its Community Outreach Scheme. The initiative delivers pet supplies to homeless or disadvantaged people in the Ards and North Down area, and whose pet is often their only companion and lifeline – and aims to keep as many animals as possible in their homes and with their owners.

“The dogs go in, they help people to experience the love of a dog again. The visits help people to engage and to have companionship; this can encourage recuperation and recovering, and prevent loneliness. The demand for this service coming out of lockdown has increased. Owning a dog or being in the company of a dog helps to lower your blood pressure, decrease your stress levels, increases the feel-good hormones and helps you feel happier – a real mood booster.”

Christine Thomas, Cariad Pet Therapy co-founder



Helping to Make the UK a Better Place (continued)



“Imagine A World If...”

To mark the UN Climate Change Conference (COP26) in Glasgow, The National Lottery released a series of powerful images in November highlighting what some of the UK’s most cherished landmarks could look like if action isn’t taken to take better care of the planet.

Featuring British model and environmentalist Daisy Lowe, the striking before and after manipulated images of iconic National Lottery-funded venues visually illustrate the scale of some of the environmental and climate change challenges facing the UK – and are designed to encourage everyone to take action.

The thought-provoking images were released in conjunction with new National Lottery research which revealed what people in the UK are most concerned about when it comes to addressing climate change.

When asked what they would do to address climate change if they were a global leader, those polled were most likely to say that they would reduce single use plastics (61%), followed by supporting the circular economy (50%). Just over a quarter said that they would reduce the number of flights people can take per year (28%) and the sale of non-electric cars (27%).



The Giant’s Causeway, County Antrim, Northern Ireland: engulfed in litter to illustrate the alarming amount of marine litter found on UK beaches, which has more than doubled in the last 15 years (Source: LessPlastic.org – March 2021)

Helping to Make the UK a Better Place (continued)

“Imagine A World If...” (continued)

Over the last decade, £2.2 billion in National Lottery funding has supported environmental Good Causes, providing a much-needed boost for communities in the fight against climate change. In the last year alone, £60 million was awarded to 730 green projects – including community groups preserving natural habitats, art installations to educate young people, and full-scale landscape restorations. Thanks to this funding, these initiatives are leading the way in making our communities greener.

For example, The 2 Minute Foundation – based in Bude, Cornwall – aims to tackle plastic pollution across the UK, one of the biggest contributors to the climate crisis. With the help of more than £70,000 from The National Lottery, the charity has been able to educate others with its Beach School, as well as set up almost 1,000 ‘2 Minute’ clean-up stations on the coastline with ‘Guardian Angels’ monitoring them.

Joining The 2 Minute Foundation in the fight against the climate crisis is Welsh organisation Llandysul A Phont-Tyweli Ymlaen Cyf, which set up Dolen Teifi, a community transport initiative that operates electric vehicles. The electric cars have been life-changing – not only in offering affordable and accessible transport to people, but in helping to tackle loneliness and poverty in Ceredigion and Camarthen – thanks to National Lottery funding of over £440,000.

In Scotland, Lanark Community Development Trust has been able to use £99,940 from The National Lottery to deliver a three-year community gardening project providing activities for the local community. The project has also used the transformational funding to hire a highly-qualified and talented young gardener, who has transformed its Horticultural Training Centre.

Meanwhile, the Woodland Trust in Northern Ireland has also benefited from National Lottery support. Based in Derry, its ‘Faughan Valley: From Fragments to Thriving Forests’ project has received more than £535,000 in funding – money that is helping the charity to restore and reconnect pockets of precious ancient woodland, and provide a habitat for wildlife to thrive.

“The climate emergency is everybody’s business, and we all have a responsibility to protect the environment for future generations. Hopefully, these images will capture people’s imagination into taking action as we can all see what the repercussions might look like and it’s rather terrifying.”

“Thankfully the news isn’t all bad and you can make a big difference. Perhaps there is a disused rooftop that could be turned into public space or a green area near your home that could be conserved. If you have always wanted to make a difference in your local community, why not look at the funding available from The National Lottery?”

Daisy Lowe, model and activist



Shakespeare's Globe, London: mountains of plastic waste illustrate the fact that less than 10% of everyday plastic – the plastic packaging in which the things we buy are wrapped – actually gets recycled in the UK (Source: Greenpeace – April 2021)



The Falkirk Wheel, Central Scotland: clouds of thick smog illustrate the issue of air pollution and how this is the biggest environmental threat to health in the UK, with between 28,000 and 36,000 deaths a year attributed to long-term exposure (Source: PHE – March 2019)

Wales Millennium Centre, Cardiff: reimagined as if sea levels were to rise beyond 1.5 degrees, with the exterior of the building submerged in water

Helping to Make the UK a Better Place (continued)

WAVE Adventure

Many of us can remember the first time we rode a bike. That exhilarating feeling when you stop wobbling, pick up speed and realise you could ride for hours if you wanted to. But not everyone learns to ride as a kid. Marion Webster learned to ride a bike at the age of 64 and has a simple message for others tempted to get in the saddle: "It's never too late."

Marion, now 66, became pedal proficient at WAVE Adventure, a Bolton project supported with National Lottery funding. Its beginners' riding course transformed her from a nervous cyclist who took the occasional tumble into a confident rider who regularly enjoys the 10-mile return journey from Bolton to Bury.

Marion grew up in Bolton in the 1950s with five brothers and sisters, but didn't learn to ride a bike as a child as there were more important things to spend money on than a bike. Later in life, she became something of a fitness fanatic, going to a gym regularly and becoming a passionate runner. But after completing a half marathon at the age of 62, she suffered a knee injury that stopped her in her tracks.

After having a knee replacement, Marion got into walking and swimming, but found herself stuck in the house during the first lockdown and only able to go on short walks with her dog. When she told her son that she always wished she'd learned to ride a bike, he encouraged her to give it a go and even loaned her his wife's bike as an incentive. He also offered to buy her a bike for her 65th birthday if she learned to ride.

So she set out to teach herself on cycle paths near her home. Despite falling off and getting bruised, she didn't give up. One day, Marion met another cyclist who told her about WAVE Adventure. Since completing the project's riding course at its Bolton Hub, she has continued to go on its Wednesday group rides that stick to cycle paths and quiet country roads. And, true to his word, her son bought her a "shiny new bike" for her 65th birthday.

"It's been a fantastic experience. At first, I was wobbling and was frightened all the time. But after I got more confident, I'd come home from a ride elated and my husband would say, 'We should bottle that'. It felt like a real achievement at my age. WAVE Adventure welcomed me with open arms. I told them my age and said I was new to cycling, and they said, 'It doesn't matter. We're here to help everybody'. As well as learning riding skills, I've been taught some basic bike maintenance. It's a brilliant place!"

Marion Webster



Helping to Make the UK a Better Place (continued)

Inspiring Positive Change

For 27 years National Lottery funding has been transforming communities, turning dreams into reality and making life better for millions of people. To celebrate its birthday in November, The National Lottery asked the nation what is most important to them in their communities and what change they would like to see as the country emerges from the pandemic.

The poll of 2,000 adults revealed that walking and hiking trails, parks and public transport were among the things that people currently valued – while more wellbeing centres, libraries, community gardens, independent shops and entertainment facilities were on people's wish lists.

The research also found that, while half of those polled believed that improvements to their community would result in a happier atmosphere, 41% of people had noticed enhancements over the past decade, including more community events, green spaces and sports clubs – all areas that National Lottery funding supports.

To inspire and spark positive change in communities, and to encourage people to imagine what they could achieve in their local area with some of the £30 million-plus raised by its players for Good Causes each week, The National Lottery also teamed up with a host of famous faces to unveil four striking installations across the UK.

Each specially commissioned installation, created by leading arts collective Greyworld, was made from more than 636 National Lottery balls to represent the 636,000 and more organisations across the sports, art, heritage and community sectors that have benefited from National Lottery funding over the last 27 years.

"I have been so inspired to learn about the unbelievable impact National Lottery funding provides for so many communities and projects around the UK. Many local organisations like Street Football Wales have used the funding to help provide open, inclusive and safe environments to play sport, make friends and build self-confidence.

"Growing up, I spent a lot of time at my own local boxing ring and this is just the type of place that I know could also benefit so much from The National Lottery's incredible funding – giving people the chance to come together, build dreams and create real change for themselves and their wider communities."

Liam Reardon, *Love Island 2021* winner



Helping to Make the UK a Better Place (continued)

Inspiring Positive Change (continued)

Each of the anamorphic artworks used an explosion of balls to showcase either a word or a question mark when viewed from different angles. When all four installations had been unveiled, the message – BUILD, DREAMS, CREATE, CHANGE – was revealed, prompting people to think about what change they could make to improve their local community.



Inspiring Positive Change (continued)

The first of the four installations – which spelled the word 'BUILD' – was unveiled by former world and Olympic champion cyclist Sir Chris Hoy at the Royal Botanic Garden in Edinburgh. The second artwork went on show at Antrim Castle Gardens in Northern Ireland and was revealed by former Girls Aloud star Nadine Coyle – and spelled the word 'DREAMS'.

The third installation – a bilingual one – spelled the words 'CREATE' in English and 'CREU' in Welsh depending on the specific angle from which it was viewed, and was unveiled by *Love Island 2021* winner Liam Reardon at the Wales Millennium Centre in Cardiff. Last but not least, the fourth artwork was revealed by singer and actress Alexandra Burke in London's Trafalgar Square – and spelled the word 'CHANGE'.



Clockwise from left: Nadine Coyle; Sir Chris Hoy; Liam Reardon; Alexandra Burke

Saying Thank You to National Lottery Players

As part of the work that we and the wider National family carry out to raise public awareness of the extraordinary good that The National Lottery does and to recognise the all-important contribution of players, a number of special promotional events took place throughout the year to say thank you to National Lottery players for supporting a huge range of initiatives across the UK.

National Lottery Open Week and National Lottery Cinema Weekend

June saw the welcome return of National Lottery Open Week, run by The National Lottery Promotions Unit, which sees an amazing variety of venues and projects from around the UK say thank you to National Lottery players for the £30 million-plus that they raise each week for Good Causes.

The National Lottery Open Week line-up included free entry, as well as exclusive discounts and special offers, to attractions and experiences across the UK for anyone with a National Lottery ticket or Scratchcard. From galleries and museums to historic castles and gardens, not to mention sports stadiums and nature reserves, there was something for everyone to enjoy.

And for those who enjoy a film, National Lottery Cinema Weekend also returned in June. The event, run in partnership with the British Film Institute, saw around 500 cinemas across the UK make more than 200,000 free adult tickets available for any film screening across the weekend, as a thank you to National Lottery players for their vital contribution to film.

To mark the return of the two events, The National Lottery published new research revealing how much the public has missed visiting their 'happy place' – their favourite visitor attraction or venue – during Covid-19 restrictions. The study of 2,000 adults showed that eight in 10 had missed their 'happy place' during lockdown, while just under half had developed a greater appreciation of the UK's visitor attractions and cultural sites in the wake of the pandemic.

The research also revealed the most popular 'happy place' locations around the UK, with London's Kew Gardens coming out top, followed closely by the Eden Project in Cornwall, Snowdonia National Park in Wales and the Natural History Museum in London. Stonehenge, the British Museum, Bath's Roman Baths, ZSL London Zoo, and Loch Lomond and Trossachs National Park also featured in the top 10.

Your National Lottery ticket unlocks fun stuff

FREE PAIR OF CINEMA TICKETS*

19th or 20th June 2021

www.cinemaweekend.co.uk

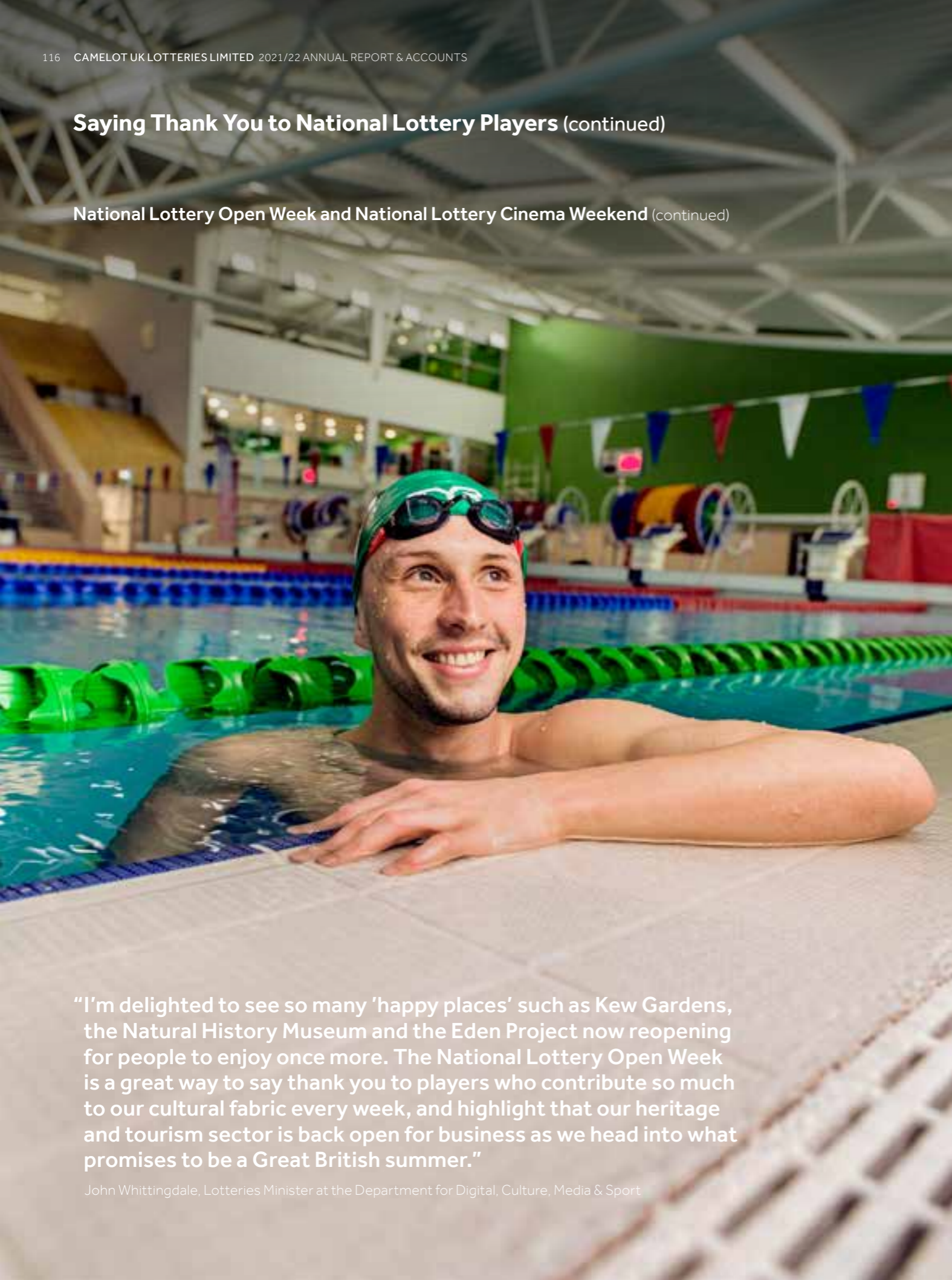
THE NATIONAL LOTTERY
CINEMA WEEKEND

*Use any retail or online National Lottery ticket or scratchcard purchased from 1 January 2019 for a pair of free adult cinema tickets redeemable only on 19th or 20th June 2021. Online registration required. Cinema tickets are subject to availability. Selected cinemas only. Full T&Cs apply and are available at www.cinemaweekend.co.uk



Saying Thank You to National Lottery Players (continued)

National Lottery Open Week and National Lottery Cinema Weekend (continued)



“I’m delighted to see so many ‘happy places’ such as Kew Gardens, the Natural History Museum and the Eden Project now reopening for people to enjoy once more. The National Lottery Open Week is a great way to say thank you to players who contribute so much to our cultural fabric every week, and highlight that our heritage and tourism sector is back open for business as we head into what promises to be a Great British summer.”

John Whittingdale, Lotteries Minister at the Department for Digital, Culture, Media & Sport



The National Lottery also commissioned leading photographer Tom Oldham to capture a portrait series of people revisiting their happy places – with all of the venues taking part in either National Lottery Open Week or National Lottery Cinema Weekend. Among the subjects were double Olympic boxing champion Nicola Adams at the Fight for Peace Academy boxing ring in London; ex-Liverpool and England football star John Barnes reminiscing at Wembley Stadium; and British swimmer and Olympic finalist Daniel Jervis back in the Wales National Pool in Swansea.



Saying Thank You to National Lottery Players (continued)

The National Lottery's Revive Live Tour

In July, The National Lottery partnered with leading UK charity Music Venue Trust – which aims to protect, secure and improve the UK's live music network – in a unique initiative to help revive the UK's grassroots live music sector.

Grassroots music venues play a crucial role in the development of British music, nurturing local talent, and providing a platform for artists to build their careers, and develop their music and their performance skills. They also play a vital role in the cultural and economic vibrancy of any village, town or city.

However, like many other industries, the venues have been heavily impacted since the start of the pandemic – with 83% of them facing closure during the period and emerging from lockdown burdened with a collective debt of £45 million, according to Music Venue Trust research.

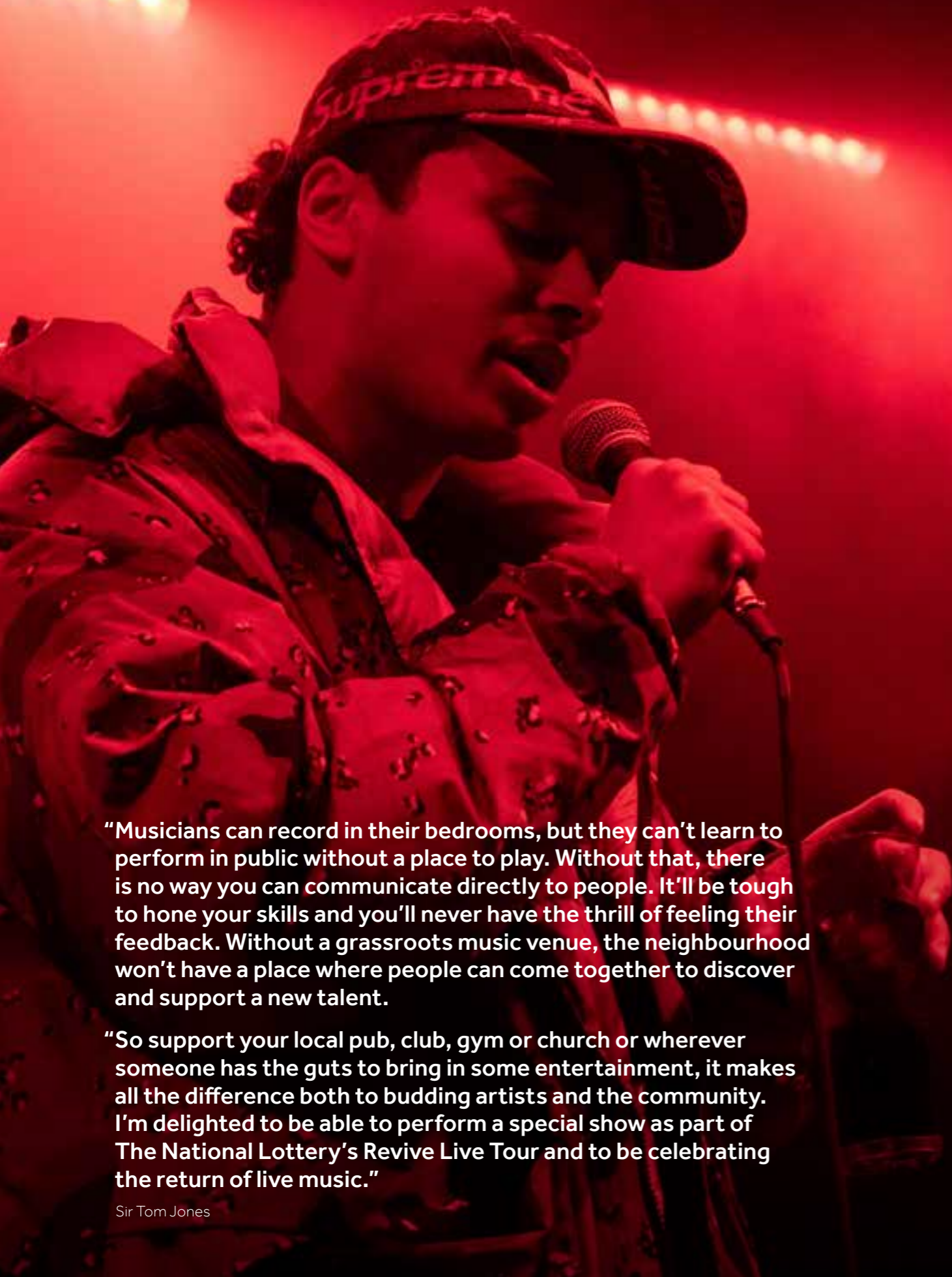
The groundbreaking collaboration with the charity saw The National Lottery – one of the biggest funders of culture in the UK – contribute £1 million to directly underwrite the touring and production costs of live performances over the summer once venues were able to re-open, enabling the grassroots music industry to start promoting shows again safe in the knowledge that the upfront costs associated with touring were covered.

Featuring a diverse range of headline artists – including Olivia Dean, Twin Atlantic, The Magic Gang and The Futureheads – The National Lottery's Revive Live Tour resulted in 122 acts performing 278 live gigs in front of more than 74,000 music fans at 138 venues throughout England, Scotland and Wales. Special one-off shows by Sir Tom Jones, Rag'n'Bone Man, Mahalia, James Arthur, Frank Turner, Sam Fender and Fontaines D.C. also took place to support the initiative and celebrate the return of live music.

Over 37,000 tickets were given away to National Lottery players, who were able to bring a plus one for free, as a thank you for the amazing things they make happen just by playing a National Lottery game.

Following the overwhelming success of the summer initiative, The National Lottery and Music Venue Trust launched a second phase of the tour in January to help the grassroots music sector start 2022 with some positive momentum – with The National Lottery again underwriting the full touring and production costs of the artists taking part.

This saw a further 125 acts perform 179 shows in front of 44,000 fans at 140 venues across the UK, with 22,000 tickets given away to National Lottery players, who again were able to bring a plus one for free. A third run of the tour is now set to take place in summer 2022.



“Musicians can record in their bedrooms, but they can’t learn to perform in public without a place to play. Without that, there is no way you can communicate directly to people. It’ll be tough to hone your skills and you’ll never have the thrill of feeling their feedback. Without a grassroots music venue, the neighbourhood won’t have a place where people can come together to discover and support a new talent.

“So support your local pub, club, gym or church or wherever someone has the guts to bring in some entertainment, it makes all the difference both to budding artists and the community. I’m delighted to be able to perform a special show as part of The National Lottery’s Revive Live Tour and to be celebrating the return of live music.”

Sir Tom Jones



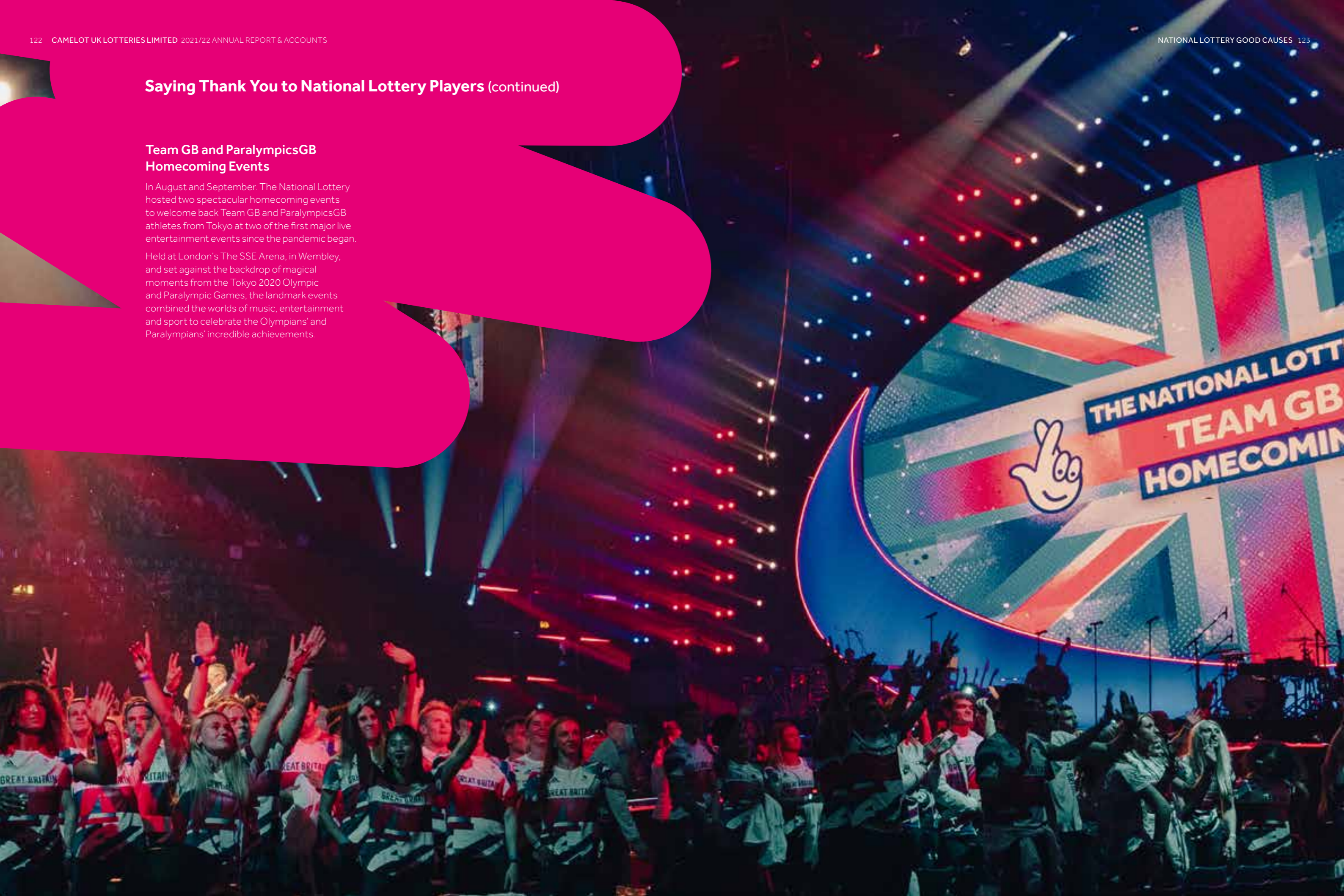
Motive (left) and Kojey Radical (this page) playing at Lafayette in London as part of The National Lottery’s Revive Live Tour ©Katie Frost Photography

Saying Thank You to National Lottery Players (continued)

Team GB and ParalympicsGB Homecoming Events

In August and September, The National Lottery hosted two spectacular homecoming events to welcome back Team GB and ParalympicsGB athletes from Tokyo at two of the first major live entertainment events since the pandemic began.

Held at London's The SSE Arena, in Wembley, and set against the backdrop of magical moments from the Tokyo 2020 Olympic and Paralympic Games, the landmark events combined the worlds of music, entertainment and sport to celebrate the Olympians' and Paralympians' incredible achievements.





Saying Thank You to National Lottery Players (continued)

Team GB and ParalympicsGB Homecoming Events (continued)

As well as the athletes and a star-studded line-up of musical talent, the events were attended for free by more than 16,000 lucky National Lottery players – the people who, through playing National Lottery games, have powered Team GB and ParalympicsGB to success since 1997 – with hundreds of tickets also gifted to key workers to celebrate and thank them for their incredible work for the entire country throughout the Covid-19 crisis.

Unable to enjoy the usual opportunity to celebrate and show off their medals at the Closing Ceremony of the Games because of the pandemic, the events provided the athletes with their first chance to be reunited with fans, friends and family.

The Team GB homecoming event gave the heroes of Tokyo 2020 – including diver Tom Daley, gymnast Max Whitlock, and cyclists Jason and Laura Kenny – the opportunity to relive their achievements and enjoy music from world-class artists including Nile Rodgers, Rag'n'Bone Man, YUNGBLUD, Laura Mvula and Anne-Marie.

Describing the atmosphere at the Team GB homecoming event, which was hosted by BBC Radio 1's Clara Amfo and Greg James and broadcast on the BBC, rower and two-time Olympic gold medallist Helen Glover said: "We're definitely getting a homecoming that everyone's excited about. It's amazing to feel this atmosphere of bringing the Olympics home with us."



"It would be an understatement to say that the road to Tokyo has not been easy for Team GB but their dedication and passion to the sports they love has been nothing short of inspiring! I am so honoured to be The National Lottery Team GB Homecoming host on what promises to be a brilliant show full of celebration and love! Every single athlete deserves the very best homecoming and what better place than Wembley with these world-class artists!"

Clara Amfo, broadcaster and host of The National Lottery's Team GB homecoming event

Saying Thank You to National Lottery Players (continued)

Team GB and ParalympicsGB Homecoming Events (continued)

And at the ParalympicsGB homecoming event, which was hosted by Adam Hills and Josh Widdicombe and broadcast on Channel 4, heroes including cyclist Dame Sarah Storey, swimmer Maisie Summers-Newton, and cycling and track star Kadeena Cox were able to look back at their successes and celebrate the team finishing second in the medal table.



Saying Thank You to National Lottery Players (continued)



Team GB and ParalympicsGB Homecoming Events (continued)

With music provided by top acts including Madness, Clean Bandit, Jamie Cullum, Sigma and Carla Marie, and James Arthur, the triumphant parathletes made sure the Tokyo 2020 Games came to a euphoric end, with para-equestrian Natasha Baker, who won silver in the Grade III individual dressage event in Tokyo, saying: "It is absolutely buzzing here today."

Following the introduction of National Lottery funding in 1997, Team GB has moved from 36th in the Olympic medal table in 1996 to being a top four nation in each of the last four Games. 97% of Team GB and ParalympicsGB medallists at Tokyo 2020 received National Lottery funding – and 1,060 Olympic and Paralympic medals have now been won by British competitors since National Lottery funding began.

Since 1997, National Lottery funding has supported more than 6,300 sportsmen and women in their pursuit of medals, enabling them to train full time, and access world-leading coaches and innovative technology, science and medical support. Over the same period, National Lottery funding has enabled over 275 sporting events to be hosted in the UK – including contributing up to £2.2 billion towards the cost of the London 2012 Games.

Saying Thank You to National Lottery Players (continued)

Celebrating Theatre

In January, The National Lottery brought together the biggest shows from the world of musical theatre for The National Lottery's Big Night of Musicals. The spectacular celebration at the AO Arena in Manchester took place in front of an audience of 13,000 – which included National Lottery players and more than 1,000 representatives of National Lottery-funded projects from across the North West – and aired on BBC One.

Hosted by comedian, presenter, actor and singer Jason Manford, the event shone a light on the magic of live musical shows as theatres across the UK looked to welcome audiences back after a challenging two years. The evening also celebrated the £228 million of funding that has supported performing arts and more than 2,000 theatres throughout the pandemic, all thanks to National Lottery players.

Jason opened the one-off event with special renditions of *Razzle Dazzle* and *All That Jazz*, which set the stage for performances from 13 of the UK's best-selling shows, including numbers from Andrew Lloyd Webber's *School of Rock*, *Get Up Stand Up!* *The Bob Marley Musical* and *Dreamgirls*.

The show saw, for the first time ever, the casts of *FROZEN the Musical*, *Beauty and the Beast* and Disney's *The Lion King* come together for a special medley of their iconic hits. Beverley Knight also took to the stage as part of her starring role in *The Drifters Girl*, before a show-stopping finale from the cast of *Tina – The Tina Turner Musical*.

Meanwhile, in February, leading theatre membership body UK Theatre launched Love Your Local Theatre, a campaign encouraging the public to support their local theatres as they begin to recover from the impact of the pandemic.

Over 100 theatres UK-wide came together as part of the initiative, with National Lottery players being offered the chance to buy one ticket and get another free for performances throughout March of shows including *Everybody's Talking About Jamie*, *Blood Brothers*, *Bedknobs and Broomsticks*, *Jersey Boys* and *Magic Goes Wrong*.

The campaign was made possible with the support of The National Lottery, which provided up to £2 million to subsidise an estimated 150,000 tickets nationwide as a thank you for the £30 million-plus that players raise every week for Good Causes.

From classic musicals and beloved plays to family shows, comedy, dance and more, Love Your Local Theatre brought together local theatres from Edinburgh to Exeter, Cornwall to Cardiff and Newcastle to Norwich – and gave National Lottery players the chance to experience the magic of live entertainment for less, while giving back to their local entertainment communities.





"The National Lottery's Big Night of Musicals was a truly unforgettable night, and I am honoured to have been the host for an evening that saw some of the best shows perform from the West End and from touring productions across the UK. The National Lottery has been supporting the arts for many years, and I'm delighted to be part of an event that raised awareness and encouraged people to get back out there and see live performances once more."

Jason Manford

The 2021 National Lottery Awards

The National Lottery Awards mark the culmination of the annual search for the UK's most popular favourite National Lottery-funded projects – and are a chance to celebrate the inspirational work of ordinary people who do extraordinary things with the help of National Lottery funding.

The awards encompass all areas of National Lottery funding and also recognise the contribution of young people through a special 'Young Hero Award', which is presented to someone under the age of 18 who has gone that extra mile in their organisation.

In addition, projects from any sector which had received National Lottery funding were eligible to enter three new categories – 'The National Lottery Project of the Year', 'The National Lottery Olympian of the Year' and 'The National Lottery Paralympian of the Year' – with the shortlisted finalists in each category going on to compete in a UK-wide public vote to claim the prestigious titles.

Winners in each category received a £3,000 cash prize for their organisation and a coveted National Lottery Awards trophy – and were also congratulated on their achievements by somebody with a special interest in their work.

With a huge number of nominations received, this year's Awards honoured those outstanding local heroes who, despite the ongoing challenges that the last year brought, went above and beyond in achieving incredible things and inspiring others in their communities.



“Since 1994, The National Lottery has made a huge positive impact on life across the UK. Thanks to National Lottery players and the £30 million raised each week for good causes, thousands of organisations are making an incredible impact and difference in their local areas. The last 12 months have been extremely tough on us all. But as we hope for better days ahead, we are constantly astounded by the way ordinary people and projects responded to adversity with heroic yet simple acts of love, kindness and selflessness that will be long remembered. The National Lottery Awards seek to honour those who have stepped up and work tirelessly on behalf of others. We want to thank them and celebrate their incredible efforts.”

Jonathan Tuchner, Director of The National Lottery Promotions Unit

The National Lottery Project of the Year

Pollinating the Peak

Bumblebees play a vital part in pollinating plants but, according to the Bumblebee Conservation Trust, the UK's bumblebee population has plummeted over the last 80 years due to habitat loss, climate change and pesticides – leading to serious concerns about the future of our ecosystem. That's why the charity established Pollinating the Peak, a Derbyshire-based initiative which aims to reverse the terminal decline of bumblebees in the Peak District area by raising awareness of the links between the countryside, food and bumblebees through education and community action.

The project has worked to secure the future of the Bilberry bumblebee, a Peak District priority species, and other local bumblebees by improving habitat conditions and monitoring populations.

Thanks to its National Lottery funding, the project has engaged with more than 20,000 people across the Peak District over the last five years, delivered workshops in schools, provided free online resources and created the hugely popular 'What's that Bumblebee' app.

Receiving the award from *Autumnwatch* presenter Michaela Strachan, Sally Cuckney, Project Manager at the Bumblebee Conservation Trust, said: "We're honoured to have won this National Lottery Award and we're so thrilled that so many people voted to help us win Project of the Year. With the help and support from The National Lottery, we have engaged thousands of people across Derbyshire to help raise awareness, provide habitat and skills for people to love and care for our precious bumblebees, especially the Bilberry bumblebee."





The National Lottery Olympian of the Year

Lauren Price

Few Team GB athletes will be more multi-talented across different sports than Olympic champion Lauren Price. Lauren, from Ystrad Mynach, near Caerphilly, showed a keen interest in several sports from a young age, most notably football, netball, taekwondo and kickboxing. She was scouted and subsequently played for Cardiff City FC, winning the Welsh Premier Women's League in her first season. She also captained her country at under-19 level, before being capped at senior level in 2012.

But the sight of boxer Nicola Adams winning gold in the London 2012 Olympics inspired her to focus on boxing. After picking up gold medals at the 2018 Commonwealth Games, the 2019 European

Games and the 2019 World Championships, her decision to make the switch paid off with a place at Tokyo 2020 – where she became the Olympic champion after defeating China's Qian Li in the women's middleweight final.

Lauren received her award at Pontypool Amateur Boxing Club where her amazing trajectory towards Olympic stardom began. Thrilled to be presented with it by her grandmother, Linda Price, who with her late husband Derek raised Lauren from an early age and encouraged her love of sport, she said: "I don't know where I would have been without the support of my grandparents. Everything I've achieved, I dedicate to them for all the support they have given me and I'm delighted my Nan is here to present me with this award today."

The National Lottery Paralympian of the Year

Great Britain Wheelchair Rugby

Years of painful misses were forgotten as Great Britain won the wheelchair rugby competition in Tokyo, following sensational wins against Japan and the USA. After beating the hosts, Japan, 55-49 in the semi-final, a gripping 54-49 defeat of the USA in the final brought Great Britain's first gold in a team sport in the Games' 61-year history and the first for a European nation in the sport.

Stuart Robinson, a former RAF gunner who lost both his legs in an Afghanistan bomb blast, had an outstanding final, winning a couple of crucial turnovers to go with a burst of tries in the critical last quarter. GB had their noses in front from almost start to finish but it was a fiercely contested match. The USA levelled matters in the third and final quarters before Stuart took control to help secure the win.

However, it was a magnificent team effort and among the medal winners was Kylie Grimes, who became the first woman to win Paralympics gold in wheelchair rugby. She said: "I've been saying for years that wheelchair rugby is the most amazing sport that not enough people have watched. But during the summer's Games so many people started to send messages on social media to say they'd seen the semi-final and the final on TV, and were willing us all the way, which was brilliant. Then, for the public to vote for the team to win this award is a bit mind-blowing."





Arts/Culture/Film

Emily Jenkins

Emily Jenkins is the founder of a therapeutic dance programme for women with cancer, and is blazing a trail for community dance to boost physical and mental health. She founded Move Dance Feel, a community project which originally supported women affected by cancer in London and Bristol, in 2016 to address a recognised gap in cancer care services. Since moving her sessions online during the pandemic, Emily (pictured fourth from left) now reaches women right across the world, helping them remotely from the comfort of their own homes.

The project offers free weekly dance sessions to women living with and beyond cancer, including those who are supporting someone with cancer or bereaved by cancer. She also works in partnership with leading cancer support centres to incorporate dance into their care programmes, and her approach isn't just about feeling good – it has proven health benefits. Surveys of participants show that 86% had a positive change to stress and anxiety, 46% had clinically improved levels of fatigue and 96% reported that dance improves their mood.

Accepting her award from theatre director, choreographer and former *Strictly Come Dancing* judge Dame Arlene Phillips, Emily said: "I honestly can't believe I've won, it feels so special to be recognised for a National Lottery Award. I started Move Dance Feel to provide women with a renewed sense of joy in their bodies. We wanted to offer a creative, supportive and restorative experience for these women going through incredibly challenging times. Winning this award will inspire me further and to push forward to help more women around the world."

Heritage

Maxwell Ayamba

Maxwell Ayamba is a countryside enthusiast and environmental champion who has connected hundreds of people from Black, Asian, Minority Ethnic and Refugee (BAMER) communities with the outdoors. Growing up in rural Ghana, he learned to think of nature as a vital web of life of which humans and all other animals are part. But after moving to Cardiff in 1996 and then Sheffield in 1999 to study, he found that people of colour were often shut out from enjoying nature's many benefits due to complex social barriers.

To correct this imbalance, Maxwell set up his first countryside access project in 2004 with two Afro-Caribbean friends: 100 Black Men Walk for Health. The group inspired the critically acclaimed Royal Court Theatre play, *Black Men Walking*, and has evolved into Walk4Health, which now includes other ethnicities, women and young people. In 2016, he founded the Sheffield Environmental Movement, a charity which promotes access to the natural environment to boost the health and wellbeing of the BAMER community.

Speaking about his award, which was presented to him by BBC presenter and *Mastermind* host Clive Myrie, Maxwell said: "I'm delighted to have won this National Lottery Award and to receive this recognition. Winning this award will continue to motivate me to keep doing what I'm doing to support people from minority communities across Sheffield, which in turn, I hope, will inspire more black people to participate in the environmental sector."



2021
NATIONAL
LOTTERY
AWARDS

Community and Charity

Katherine Hughes

Katherine is a superstar volunteer who was one of the driving forces behind an ambitious bid to turn a former hospital into a vibrant community centre for the benefit of future generations. When plans to close and demolish the former Miners' hospital in Caerphilly were announced, 72-year-old Katherine used her background of working as a town planning consultant to lead the charge and rally the community to take it over.

The mum-of-two helped to establish the Caerphilly Miners' Centre group in 2008, shortly after she overcame treatment for cancer. After securing a lease, the building was refurbished and re-opened in 2015, aided by National Lottery funding. It's now a fully accessible vibrant hub for the community where people of all ages and abilities are able to access a wide range of affordable services and activities. During the pandemic, they found innovative ways to take activities online or adapt them for the outdoors – with Katherine even visiting older members to show them how to use Zoom.

On receiving her award from musician, author, and broadcaster Cerys Matthews, Katherine said that the centre has been as much a lifeline for her as it is for the rest of the community, giving her purpose after she was widowed in 2018: "It's like a full-time job but it motivates me, and gives me a reason to get up and out. I'm so proud of how far we've come and the community we've built."

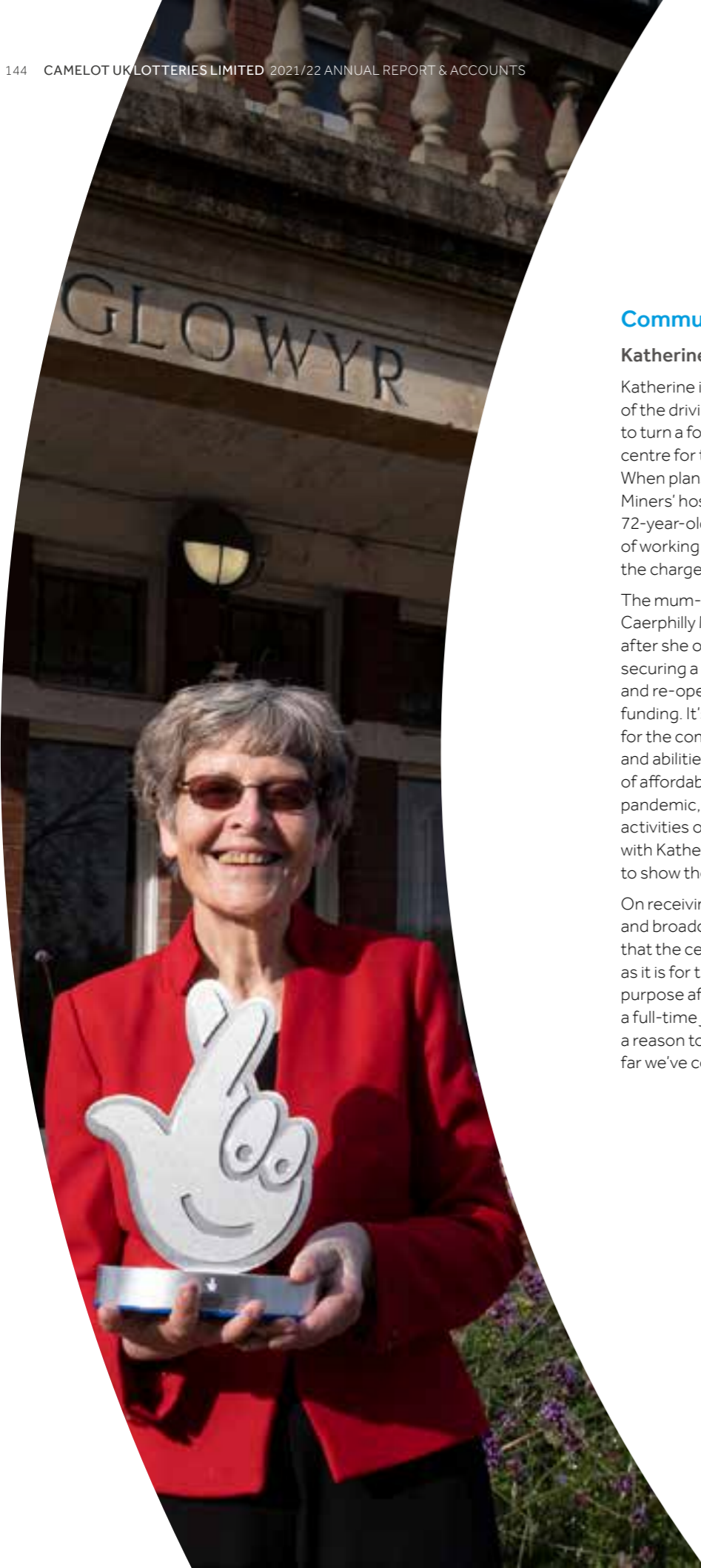
Sport

Chris Sellar

Sports development professional Chris lost his mum, Hilary, to suicide in January 2020 a short while after his dad passed away from cancer. Sport had always been a big feature in Chris's life, and so he tackled his grief with sponsored runs for mental health and suicide prevention charities. To mark a year since losing his mum, he pledged to run 10km a day for 28 days – the equivalent of six and a half marathons – culminating in a group run with loved ones on the final day.

Although this event was cancelled due to the pandemic, he encouraged people to undertake their own 10km walk, run or cycle in memory of Hilary. Friends and family joined Chris at various stages, with some even using FaceTime to join from afar – helping him to achieve a personal best on the final day of the challenge. His efforts raised more than £20,000 for charities Back Onside and Survivors of Bereavement by Suicide, the latter of which has received multiple National Lottery grants to support its work.

The father-of-one was delighted to receive his award from former Olympic, World, European and Commonwealth champion cyclist Victoria Pendleton: "It is a great honour to win a National Lottery Award and receive this recognition. I am keen to let people know that there is a way through the most difficult of times by looking after your own mental health and there is support out there in whatever way someone might need it."





Young Hero

Mariama Sanneh

Mariama is a passionate young activist who uses creative media to address topics such as sexism and racism. The inspirational 15-year-old schoolgirl is a junior trustee of Bristol-based charity Integrate UK, a youth-led organisation that empowers young people to take an active role in transforming society. Her role with the charity has seen her contribute to films such as *Vitriol*, *Hijabs* and *Miniskirts*, which challenge right-wing extremism, racism and Islamophobia, as well as the song and music video for *Stand in Pride*, which tackles homophobia and all forms of hate.

She also sits on the 'With and For Girls' task group, working with activists internationally to help meet the needs of young women across the world, and is the lead representative on her school's youth-led Equalities Council, co-delivering training for her teachers on issues around gender and racial inequality. But despite her busy schedule, Mariama still finds the time to mentor younger students to help them make the most of their time at school.

On accepting her award, Mariama said: "This National Lottery Award is a real testament to the extraordinary work that Integrate UK does and it feels amazing to receive this recognition. I'm so proud of everything I've done with Integrate UK, and I hope this award will empower more young people to take an active role in making the world a better place. It's thanks to funding from The National Lottery, we can keep carrying out this vital work."

DOING BUSINESS RESPONSIBLY

We care about the way in which we operate and are committed to doing business responsibly – with integrity underpinning everything we do.

Acting as a good corporate citizen is at the heart of everything we do and, as the steward of The National Lottery, we take our duty to operate in a socially responsible way very seriously. It's imperative that what we do on a day-to-day basis looks beyond the immediate future and delivers long-term, sustainable growth.

The National Lottery has tens of millions of players – and, for us, doing business responsibly starts with them. Without our players, we wouldn't be able to return around 95% of every pound spent on National Lottery games to winners and society. That's why healthy play remains a top priority for us – keeping our players safe by promoting healthy play behaviours and preventing underage play.



We strongly believe, however, that doing business responsibly and operating with integrity extends beyond healthy play, and we always strive to look at the bigger picture of what it means to be a good corporate citizen. This includes the support we offer our employees; the activities we carry out to give back to the community; the work we do to address our environmental impacts; our commitment to ensuring that our supply chains are sustainable; and the services we provide to National Lottery winners.

Corporate Responsibility Framework

Our Corporate Responsibility framework comprises 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 support the People Team with activities relating to 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 demonstrate a credible understanding of our environmental impacts with appropriate supporting programmes, strategies and transparent 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 and Give As You Earn

Supply Chain

- Prompt Payment
- Supplier Risk Management

Environment

- Energy, Waste and Consumption
- Carbon Footprint Reduction

Healthy Play Strategy

Our guiding principle – to have lots of people play a little – underpins our healthy play strategy. We therefore focus on promoting healthy play to all of our players and making The National Lottery the safest place to play.

Around 67% of adults in the UK – almost 37 million people – play National Lottery games once a year or more, and the success of our approach to encourage lots of people to play but to only spend relatively small amounts is underlined by the fact that The National Lottery is ranked just 62nd in the world in terms of per capita spend despite being the fifth largest lottery in the world in terms of sales. (Source: *La Fleur's World Lottery Almanac 2022*)

Even though it's widely recognised that the inherent risk associated with National Lottery games is very low, we know that, because of our scale and extensive reach, healthy play must be a driver in everything we do. Our strategy delivers against 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 under the age of 18, 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.



Healthy Play Strategy (continued)

Healthy Play Training for Employees

We take a decentralised approach to healthy play and expect all of our employees to deliver our strategy effectively. To realise our ambitions, it's crucial that they understand our priorities, and have the right support and resources available. We therefore run a comprehensive training programme to empower everyone with the knowledge and skills that will best enable them to contribute.

At the beginning of 2021/22, we rolled out an enhanced version of our companywide healthy play training module with revised content, including last year's change to the minimum age to play National Lottery games and an updated knowledge quiz.

As well as all of the new content, the module acts as a refresher, outlining what healthy play means to us, how to best support our players and the range of tools available for our staff. It is mandatory for employees to complete the course annually and it is included in the onboarding process for new employees.

Building on the foundation-level healthy play module for all employees, we also provide more in-depth training for specific teams across the business. This involves offering specialist training for those who are in direct contact with our players, and those who are involved in designing and approving our games.

Our Contact Centre Team, for example, receives advanced healthy play training, including accreditations, regular knowledge checks, and specialised GamCare and GAMSTOP training. During the course of the year, we launched additional learning resources to ensure that people who may be vulnerable due to their personal circumstances are provided with appropriate support.

“I found it was an extremely positive experience to hear how much care we take in looking after our players and encouraging healthy play.”

One of the participants in the internal healthy play campaign

To maintain our robust game design process, all new employees who are involved in designing, creating and approving our games are provided with 'Game Awareness in Player Protection' training, developed by Sophro. This further enhances their knowledge and understanding of the key healthy play considerations in game design, such as speed of play as a risk factor.

To complement our extensive employee training, we delivered our annual internal healthy play campaign to raise further awareness of our ambitions to promote healthy play and be the safest place to play. As part of this, we celebrated our achievements, hosted live virtual learning sessions on specific healthy play subjects and shared blogs on healthy play activities across different areas of the business.



Year	2019/20	2020/21	2021/22
Employees completing additional training in game design	44	13	8
Contact Centre employees gaining a healthy play accreditation	100%	100%	100%

Healthy Play Timeline

'Game Awareness in Player Protection' training took place	MAR 22	Enhanced self-exclusion options went live
Launched vulnerable player training for the Contact Centre Team	FEB 22	Delivered 'Wellbeing' email to younger players
	JAN 22	
	DEC 21	We delivered our second annual internal healthy play campaign to employees
At-risk flag added to the Winners Advisors system	NOV 21	Updated 'Interventions Programme' went live
Age to Play legislation came into force	OCT 21	'Operation 18' mystery shopper programme launched
Completed an internal review of our 'Responsible Game Design Process'	SEP 21	
	AUG 21	Healthy play was added to the top navigation bar on the National Lottery website
Wallet load limit reduced to £100 for at-risk players	JUL 21	
"When we all play a little, fun stuff happens" tagline used across the Good Causes campaign during May and June	JUN 21	'Operation 18' mystery shopper pilot programme launched
Play limit reduced to 25 plays a day for at-risk players	MAY 21	Second healthy play mystery shopper pilot completed
Age to Play change implemented across all of our channels	APR 21	

Player

Age to Play

Following the government's decision to raise the minimum age to play National Lottery games from 16 to 18, we carried out a major programme of work to implement all of the necessary changes as quickly as possible and successfully implemented the change on 22 April 2021 across all of our channels – more than five months ahead of the new legislation coming into force on 1 October 2021.

Over the last year, we have supported our retail partners in implementing the change in the age to play in various ways – including reminding them of the new legislation in our bi-monthly retailer magazine, *Jackpot*; communicating with them using bespoke direct mail and email, terminal messages and telephone calls; and launching a special 'Age to Play' page on our dedicated retailer website, the National Lottery Retailer Hub.

And to support our players, we updated all of our consumer-facing point of sale material in retail, while, online, we created a dedicated landing page and FAQs on the National Lottery website to help players with any queries they may have about the change in legislation, and updated our Service Agreement and Account Terms to reflect the new age to play.

Our retailers felt confident and supported in the change to age to play:

"The training materials we were given were great and told us everything we needed to know. We used the tools we were given to help communicate the change. We passed on the information via the leaflets we were given by Camelot and got our staff to take a break from their shift to read it."

Chirag Mehta, New Hollands News & Wine, Rickmansworth

With the change to age to play, the government announced the introduction of an 'Approved Sales System' for National Lottery products, which came into effect at the same time as the change to age to play in October. Following the announcement, we updated our age to sell policy, under which anyone selling National Lottery products, paying out a prize or issuing a Fast Pay card must also be over the age of 18, unless:

- The sale or issue by a 16 or 17-year-old has been specifically approved by a responsible person over the age of 18 at the time of the sale/issue (Assisted/Supervised sale) or;
- The staff member – no younger than 16 years old – has been 'pre-authorised', in advance, to sell National Lottery tickets by an appropriate person over the age of 18, and such authorisation is recorded in writing or digitally in store.

We ensured that our retail partners were prepared for this by communicating the change for selling National Lottery products in face-to-face visits with them, by direct letter and email, and through providing them with an updated Retailer Agreement and an authorisation log to record pre-authorised sales.



Player (continued)

Preventing Underage Play in Retail

Our commitment to keeping our players safe includes meeting our legal and regulatory responsibility to prevent underage sales of National Lottery products. We work collaboratively with all of our retail partners to provide support, build confidence and increase awareness of the resources available to help them know when to ask for ID and how to refuse a sale.

We've been successfully running our mystery shopper programme for over 20 years, checking that retailers are correctly asking players for ID and not selling to anyone underage. Having successfully implemented the change to age to play National Lottery products from 16 to 18 in April 2021 – ahead of the new legislation taking effect on 1 October – we ran a pilot programme in June to test our new reporting and operational processes, as well as retailer compliance.

Following a 93% first visit pass rate during the pilot phase, we launched our updated mystery shopper programme – 'Operation 18' – in parallel with October's change in the legal age to play. The programme uses young people aged 18 or over, but who look younger, to visit stores and attempt to purchase a National Lottery game to test the retailer's ability to ask for an appropriate form of ID.

If a retailer fails a mystery shopper visit, we provide them with additional training and support ahead of another visit. If a retailer fails a visit on three occasions, the National Lottery terminal will be suspended and is likely to be removed.

Despite our usual delivery of the programme being affected by both Covid-19 restrictions and the legislative change last year, we are proud that, during this challenging period, we completed 8,851 visits, achieving a first visit pass rate of 90%. We also continued to provide support and training to our retailers through face-to-face visits by the Retail Sales Team, telephone calls and learning materials. In addition, we made over 33,000 phone calls to our retail partners to discuss healthy play and check their knowledge of the legal requirements to buy and sell National Lottery products and claim prizes.

To further embed the importance of preventing underage play, we communicated information about it in our retailer magazine, *Jackpot*; on our National Lottery Retailer Hub website; and by direct mail and email. Next year, we plan to resume the full programme, which will see us complete 11,600 visits in accordance with our licence.

Retailers have two tools at their disposal to accurately record their experiences in preventing underage play. When they refuse a sale to someone underage, they can record it in their 'Refusal Register' and/or within the 'Interactions' section of the National Lottery Retailer Hub website.

Looking ahead, we will be exploring ways to include 'Challenge 25' guidance – which encourages retailers to ask anyone who is buying National Lottery products but looks under 25 years of age for acceptable ID – across our retailer communications and training. This will enable our retail partners to keep their age verification policies consistent with the purchase of other age-restricted products in store, such as alcohol and tobacco.



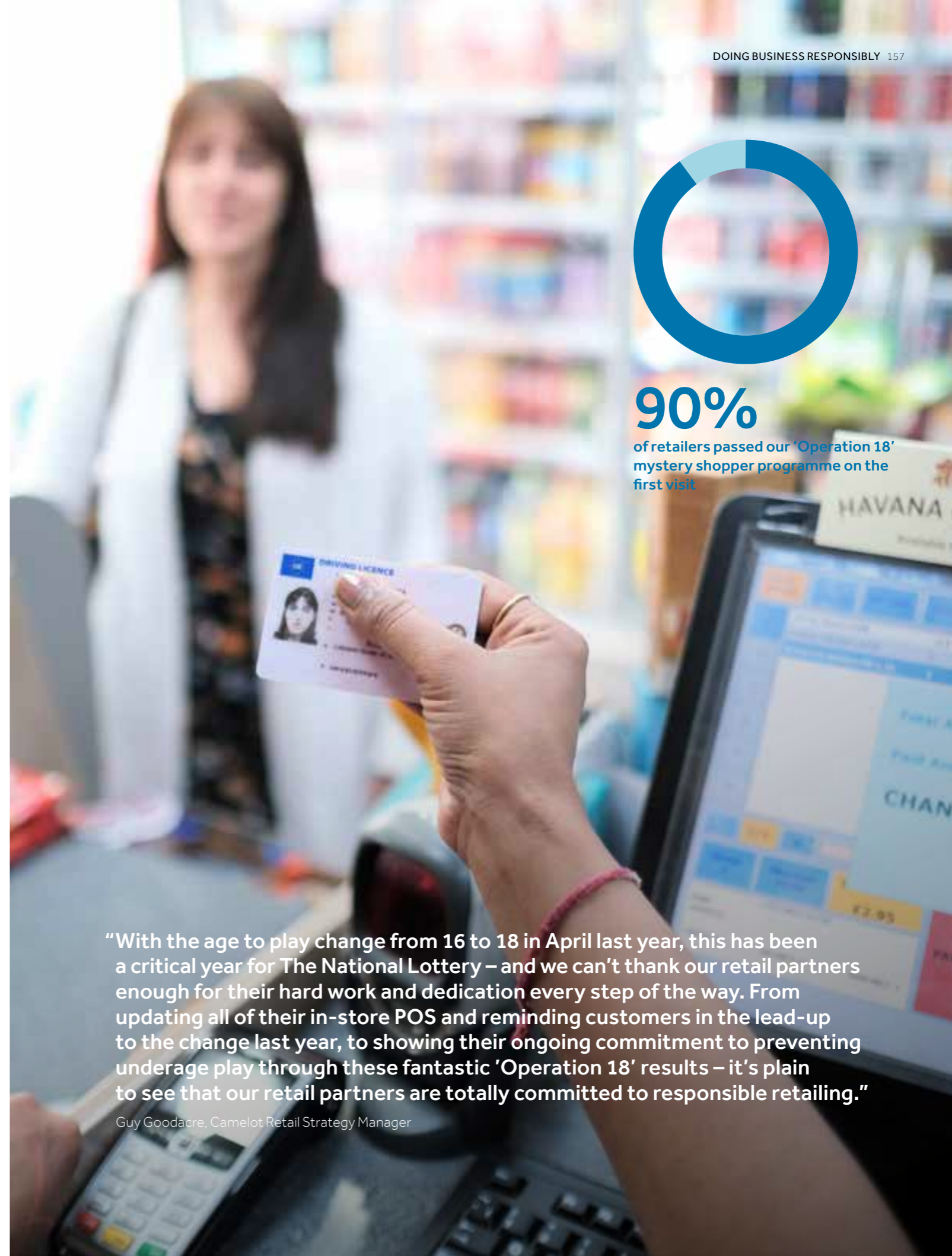
90%
of retailers passed our 'Operation 18' mystery shopper programme on the first visit

33,000

The number of underage play training calls made to our retail partners

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
1st Visit Pass Rate	85%	89%	91%	91%	91%	N/A due to Covid-19*	90%

*37,392 phone calls made to retailers to discuss the prevention of underage play



“With the age to play change from 16 to 18 in April last year, this has been a critical year for The National Lottery – and we can't thank our retail partners enough for their hard work and dedication every step of the way. From updating all of their in-store POS and reminding customers in the lead-up to the change last year, to showing their ongoing commitment to preventing underage play through these fantastic 'Operation 18' results – it's plain to see that our retail partners are totally committed to responsible retailing.”

Guy Goodacre, Camelot Retail Strategy Manager

Player (continued)

Identifying At-Risk Players in Retail

It's important for our retailers to feel confident in both encouraging healthy play and identifying players who may be at risk. To help them, we provide training on how they can engage with customers about healthy play – whether through conversation, directing them to our in-store or online resources, or providing a healthy play terminal printout with GamCare details – and the signs to look for which should alert them.

Ensuring retailers are benefiting from, and acting on, the training is crucial to our success in promoting healthy play. Last year, we ran a healthy play mystery shopper pilot programme of visits to test randomly selected retailers' knowledge of how they support healthy play and if they can signpost players to the appropriate support services. If a retailer did not pass the visit, we offered them additional training and support ahead of another possible visit.

Following on from the successful and insightful initial pilot, we extended the programme to include more stores across the UK. The positive outcomes were the driving force behind us establishing a formal healthy play mystery shopper scheme as part of our 'Being a Responsible Retailer' training programme, which saw us complete 3,550 visits during the year. Over the coming year, we will continue to equip our retailers with the knowledge and tools they need to support healthy play, and will be running the programme with the aim of completing 4,000 visits.

Not only is it important that our retailers know when and how to interact with players about healthy play, but it is essential that the tools supporting this interaction are effective. One of the most readily available and widely used tools in retail is our healthy play handout – a pink ticket printed out from the National Lottery terminal that looks like a Lotto or EuroMillions ticket, but which actually signposts players to sources of support, enabling retailers to discreetly and instantly provide these details to players they may be concerned about.

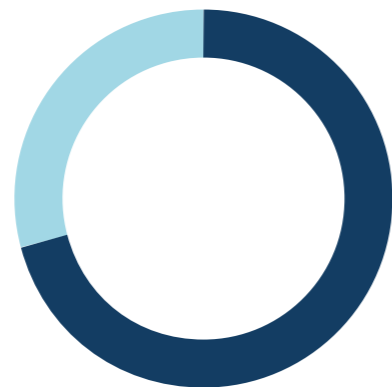
Having previously evaluated retailers' opinions of the healthy play handout, this year we carried out research into its effectiveness from the perspective of players. The findings showed that 72% of National Lottery players who had received a handout felt positive about it. They also revealed that over half of those who had received a handout had thought about the way that they play and had taken some form of action – either through visiting our healthy play webpage, having a conversation about their play with a friend or family member, or going on to set online limits.

This, and other feedback from the research, has given us valuable insight into our players' experiences regarding healthy play in retail and enabled us to better understand player behaviour when receiving support. Over the next year, we plan to incorporate what we've learned into the support that we provide to our players and retailers to further improve it.

We also intend to further develop our approach to providing support and training to retailers. To adopt a more personalised approach to retailer engagement on supporting healthy play, we will be piloting a model to identify retailers who would benefit from additional support as they may be more likely to engage with players who are at risk.

“It reassures the players that their economic wellbeing and spending habits are being taken seriously. It also promotes confidence in The National Lottery.”

Respondent to the healthy play printout research



72%
of players felt positive towards the healthy play handout

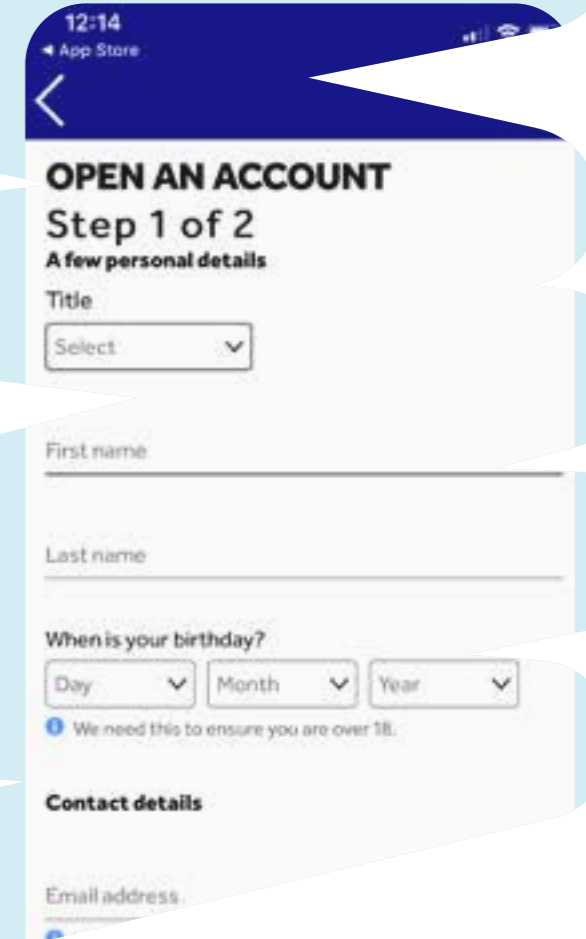
Player (continued)

Preventing Underage Play Online

Our responsibility to prevent underage sales of National Lottery products also applies to our digital channels. With 10.1 million active registered players, we operate the largest digital lottery in the world by revenue – so it's crucial that our age and identity verification systems to block anyone under the age of 18 from playing or trying our games are robust.

Anyone who wants to open an online National Lottery account must go through a thorough registration process, which includes rigorous identity verification checks by Experian. These checks are only passed if we can confirm that the person is legally old enough to play National Lottery games, they are the person who they claim to be, and they are a UK or Isle of Man resident.

If the Experian checks are unsuccessful, the individual will not be able to open an account and will be prevented from accessing any National Lottery products.



10.1M

10.1 million active online players have gone through our rigorous registration process

Player (continued)

Identifying and Supporting At-Risk Players Online

Identifying players who are at risk is the first step towards supporting them. We spot these players using our online behavioural analytics model – Mercury – which monitors a range of play behaviours. Having identified who is at risk, we then intervene to encourage a positive change in how they play.

As well as highlighting what makes their play different and signposting to tools that can help, our interventions escalate in nature over time – with the content, tone and channel of intervention tailored accordingly the longer a player remains at risk. If a player does not respond to our interventions and modify their play behaviour, we take a final step of excluding them for a period of time from accessing our games.

Our interventions are aimed at changing unhealthy play behaviours, and an important part of supporting at-risk players is informing them about where they can access additional support and advice. To ensure our players are aware of the help available, we signpost to GamCare, which provides free information, advice and support, as well as gambling-specific blocking software, such as Gamban and GAMSTOP.

Last year, we commissioned an independent behavioural scientist to evaluate the effectiveness of our interventions with a view to strengthening our approach. In November, as a result of the review, we successfully implemented an updated interventions programme which incorporated the key recommendation of making it more targeted by, for example, tailoring our most effective interventions to suit people with different characteristics, such as new National Lottery players and younger players. In the spirit of continuous improvement, we plan to assess the effectiveness of the changes in the coming year to learn how we can further enhance the programme for its next iteration.

As part of our interventions programme, we have a team dedicated to making telephone calls to at-risk players to encourage a positive change by discussing their play behaviour and explaining the tools available to them to set limits or take a break. This year, over 1,170 players have reduced their spend and/or play limits as a result of a phone call from this team.

We also piloted a post-call survey for players contacted by our healthy play call team to gain feedback on our interventions, measure awareness of our healthy play tools and monitor self-reported play behaviour. We intend to factor the results of the survey into our next review and update of the interventions programme.



Player (continued)

Identifying and Supporting At-Risk Winners

Like our Contact Centre Team, our Winners' Advisors are in direct contact with players and so it's essential that they too have the tools to support players who may be at risk. This year, we added a new feature to their operational processes to indicate if a high-tier prize-winner – a winner of £50,000 or more – is flagged as at risk according to Mercury. This has been integral in ensuring that our Winners' Advisors have a holistic picture of the winner and can therefore provide additional support as appropriate.

In addition to this feature, we created an insert within the 'Winner Wellbeing' booklet for use by the Winners' Advisors Team. It signposts winners to our online toolkit where they can set limits and access information on how to contact GamCare if needed.

Targeted Online Communications

Healthy play is about encouraging everyone to adopt positive play behaviours. We promote this to all of our players by regularly communicating about how to keep play fun by using the wide range of healthy play tools that we offer.

The content and targeting of these communications are informed by several workstreams and sources which consider player behaviour. We apply learnings from our 'Know Your Customer' (KYC) workstream, alongside insights from our behavioural analytics and commissioned research, to take a tailored approach to ensure healthy play information is sent at the right time to the right groups of players.

As part of their welcome journey, every new online player receives healthy play communications, which feature our 'DREAM BIG PLAY SMALL' messaging and highlight the healthy play tools available. We reach out to younger players to encourage them to balance their play with their wellbeing by taking our online test to find out what kind of player they are and to use our healthy play toolkit.

To keep healthy play front of mind, we send scheduled messages to all of our digital players on a quarterly basis, via app alerts, emails and website pop-ups, with the sole purpose of promoting our tools. This year, an encouraging number of players – more than 217,000 – have used at least one of our tools after receiving a healthy play email.

We also enhanced our healthy play messaging embedded within draw reminder emails and sent push notifications to our app players to remind them of the healthy play tools we have available. Building on insight into player engagement with our communications and tools, we plan to further focus our messages by signposting to, and raising awareness of, specific healthy play tools.

Over 2022/23, our KYC workstream will continue to look more deeply into individual player behaviour and we'll be evaluating our updated interventions – with the outcomes of each of these feeding into developing our wider healthy play communications to keep them as relevant and as effective as possible.



217,402

The number of players who have set a wallet, spend or play limit after receiving a healthy play email

Product

Designing Our Games

Player safety is central to designing our games. While it's widely recognised that National Lottery games pose a very low risk of causing harm to players, we aim to minimise any residual risks as far as possible.

To ensure we develop games which are fun without being high risk, we put every game through our robust 'Responsible Game Design Process'. From ideation through to launch, a game will pass through a series of stages during which it is risk-assessed.

We use three tools to assess the level of risk associated with our games:

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

If any of these tools reveal that the potential risk level of a game is too high, we will revise the game to lower the risk. If the risk remains too high, we will not launch the game.

The game design process is overseen by the Game Risk Evaluation Action Team, a cross-functional group which brings expertise from across the business to reviewing games. Where a new or significantly different game is under consideration, we may undertake research and/or additional reviews, and all new games must be approved by the Gambling Commission before launch.

As the external environment shifts, it's essential that our game design process adapts and remains fit for purpose. To that end, we completed an internal review of the current process and updated our Risk Checklist to reflect Advertising Standards Authority (ASA) consultation considerations ahead of potential upcoming changes. This followed previous independent reviews that confirmed our process is industry-leading, and we will continue to update it accordingly to uphold its effectiveness.

Designing our games to be safe includes considering how we can provide information to players who may need support. All of our products include the helpline details for GamCare – whether on the website when looking to play an online game, or on the back of a ticket or Scratchcard. We also include our 'DREAM BIG PLAY SMALL' healthy play messaging on many of our products and adverts, which, when searched online, will take players to our healthy play webpage for further information.

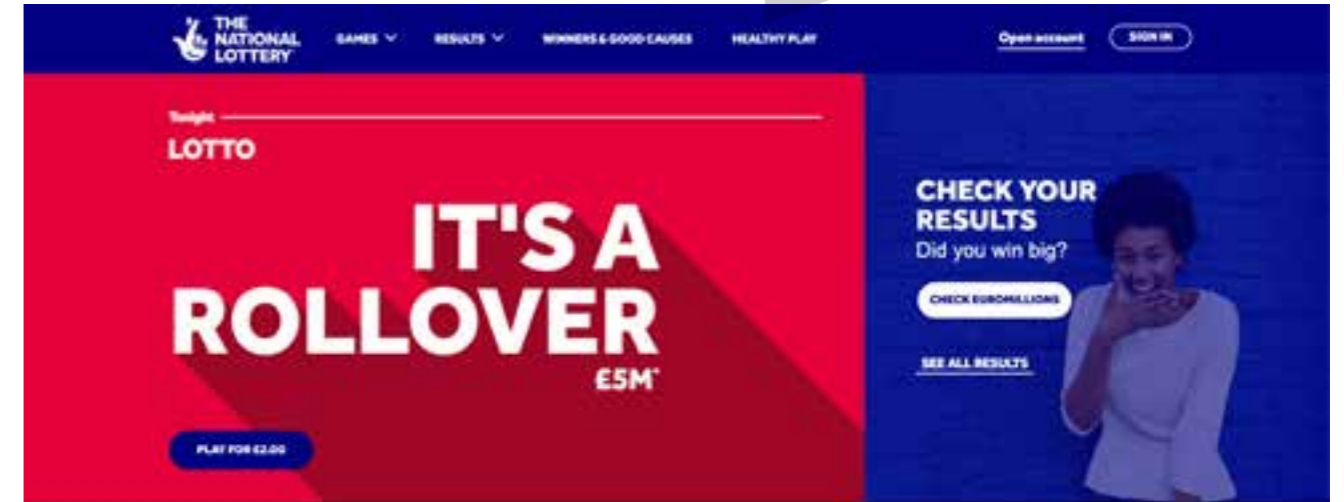
In addition, all of our advertising and marketing is developed in accordance with the ASA's CAP Code and BCAP Code, which promote safe marketing and the need to prevent young people under the age of 18 from being harmed by any unsafe advertising.

The GamGard tool was developed by Camelot in partnership with Nottingham Trent University in 2007. Since then, it has been used by operators and regulators around the world – with its use recognised as best practice in responsible game design by the World Lottery Association.

Year	2019/20	2020/21	2021/22
Games that went through the Responsible Game Design Process	182	146	127



Place



Promoting Healthy Play

To promote healthy play behaviours widely and to help us deliver on our aim of having lots of people playing a little, we have continued to integrate our 'DREAM BIG PLAY SMALL' healthy play messaging, both online and in retail.

In retail, 'DREAM BIG PLAY SMALL' messaging is present on our digital media screens, draw-based game tickets, Scratchcard advertising and healthy play terminal handouts. When the phrase is searched online, it directs players to our healthy play webpage. The messaging has also continued to feature on our digital platforms – across our website and app – and in radio and television campaigns.

During May and June, we included the "When we all play a little, fun stuff happens" tagline across our Good Causes campaign to promote healthy play behaviour. Healthy play click-throughs and messaging also featured prominently in draw reminder emails throughout the period.

As a result, we saw a rise in awareness and use of our healthy play tools – and an 8% increase on our average monthly search engine searches for 'DREAM BIG PLAY SMALL'.

Online, we added a dedicated 'Healthy Play' button to the top of the navigation bar on the National Lottery website to make it easier and faster for our players to find information about healthy play. Early data shows that this has led to a 45% increase in daily unique visitors to the page and a 33% increase in players completing our online test to find out what type of player they are.



Place (continued)

Healthy Play Training for Retailers

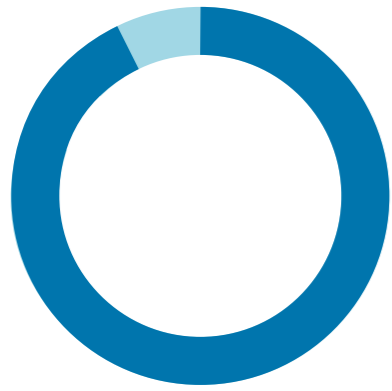
We have around 44,500 retailers who play a vital role in helping us to be the safest place to play, and we prioritise equipping them with the knowledge and tools needed for this purpose.

This starts with delivering our 'Being a Responsible Retailer' training programme, which focuses on supporting healthy play and preventing underage play. It ensures retailers have an understanding of both aspects of responsible retailing, and helps them to feel confident when asking for ID or interacting with a customer about healthy play.

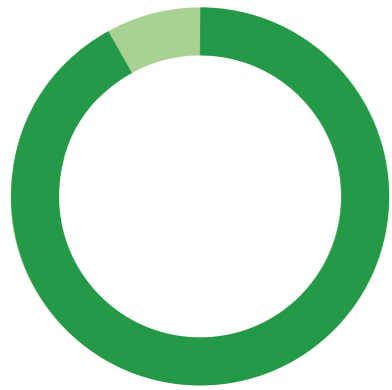
Healthy play training is delivered in a variety of forms. We have an online training module for all of our retailers, as well as an additional module for our independent retailers to test their knowledge on the National Lottery Retailer Hub website. Our Retail Sales Team also delivers face-to-face training, conducts healthy play knowledge checks and provides additional support where needed. If a retailer is new to working with us, they will receive training from our Customer Development Team.

Our training programme is always evolving. This year, we updated the online training module to reflect the change to the age to play, and this must be completed by all new National Lottery retailers before they can activate the National Lottery terminal. We communicated 'Being a Responsible Retailer' messages through our *Jackpot* retailer magazine, face-to-face visits, telephone calls, trade press updates, terminal messages and direct mail. We also updated our retailer assets, including the 'Being a Responsible Retailer' leaflet, to improve awareness and retention of responsible retailing principles.

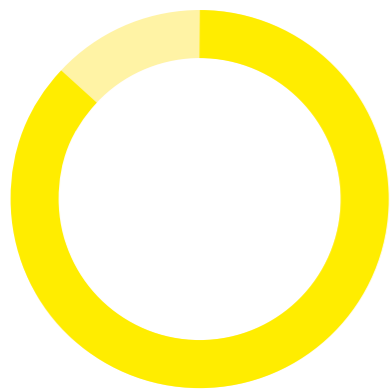
To measure the effectiveness of our training programme, our Field Sales Team checks retailers' knowledge of the healthy play tools that we have available to support players. We are proud that an average of 93% of our retail partners were able to correctly identify our healthy play tools this year. In 2022/23, we will be updating our retailer training module and refreshing our assets further to continue supporting our retailers.



93% 2021/22



92% 2020/21



87% 2019/20

Average retailer pass rate on healthy play knowledge checks

Place (continued)

Our Online Healthy Play Toolkit

With 10.1 million active registered players – making national-lottery.co.uk the largest digital lottery in the world by revenue – we want to ensure that our players are aware of the tools available to help them to play in a healthy way.

We actively encourage our players to use our online healthy play toolkit to:

- set weekly wallet load and spend limits, so they can manage how much they are spending;
- set an Instant Win Games play limit, to help them manage the number of games they can play in a 24-hour period;
- set a session time reminder, to keep track of the time they spend playing;
- take a self-assessment test, to enable them to reflect on their play behaviour and consider if it needs to change;
- use our budget calculator, to work out how they spend their money; and
- take a break, to have some time out from playing our games with an exclusion.

We recognise that to be the safest place to play, it is fundamental to have player-led limits, as well as maximum system default limits for spend and play. Though we already have relatively low default limits, we've taken the extra measure to lower them further for at-risk players to address their play behaviours.

In May, we reduced the maximum daily play limit from 75 plays to 25 plays for at-risk players. This was followed in July with a reduction in the weekly deposit limit for at-risk players from £350 to £100. Understanding how these changes have made a difference is important to the ongoing development of our approach to encouraging healthy play, so we will be reviewing their impacts in the coming year.

We want our players to play in a way that's right for them, and sometimes that can mean taking a break from playing National Lottery games. Players already have flexibility with the type of break they take – they can take a break from playing all or specific Instant Win Games; they can take a temporary break from all of our games; or they can permanently exclude themselves from playing.

This year, to offer more choice when setting the length of a break, we introduced a wider range of self-exclusion duration options. Players can now take a short break from one day up to five months, or a long break from six months up to five years. The option for players to stop playing our games permanently – a lifetime exclusion – still remains.

We also continue to work with GAMSTOP, the free national online gambling self-exclusion service which enables people to take a break or exclude themselves from all gambling activities with websites and apps run by companies licensed in Great Britain.

Year	2019/20	2020/21	2021/22
Unique players who have used one or more healthy play tools	310,636	536,998	481,698

481,698

The number of unique players who have used a healthy play tool



12 YEARS

We've achieved the European Lotteries' and World Lottery Association's Responsible Gaming Certifications five times in a row

Leadership

Certifications and Accreditations

Doing what's right by our players drives us to be leaders in our industry when it comes to healthy play.

We continue to set best practice standards for international lotteries, and share our experiences with others through our leadership positions in both the European Lotteries and World Lottery Association Responsible Gaming and CSR Working Groups.

Our ongoing commitment to playing a leading role in advancing healthy play practices earned us both the European Lotteries' Responsible Gaming Certification, as well as Level 4 – the highest level possible – of the World Lottery Association's Responsible Gaming Standard, for the fifth consecutive time. In total, we have now held both of the prestigious accreditations – each of which lasts for three years – for 12 years, having been one of the first ever operators to be accredited.

And, with the most recent European Lotteries Responsible Gaming Framework having been updated, the certification assessments provided an opportunity for us to showcase our ongoing development of healthy play measures, and the strategic improvements we've made and delivered since our last full accreditation in 2019.

This year, we also maintained our status at Advanced Level 2 of GamCare's Safer Gambling Standard – a social responsibility quality standard for licensed gaming operators that aims to increase overall standards across the industry, helping to make play safer for all – having been the first lottery operator, and one of the first online gaming operators, to attain it in 2019.

“We're incredibly pleased to have achieved the European Lotteries' and World Lottery Association's Responsible Gaming Certifications for a fifth consecutive time. At the end of this cycle, it will be a decade and a half that we've held these highly respected certifications. We take a lot of pride in that, as well as the fact that we've been accredited from day one of the inception of the certifications. We firmly believe that this sets us apart and evidences our leadership role in this space.”

Nigel Railton, Camelot CEO



Support for Winners

Our Winner Experience Team – part of our dedicated Player Services department – is responsible for paying prizes to all high-tier prize-winners of £50,000 or more and supports the winners as they come to terms with their new-found wealth.

In this ever-changing world, we recognise the need to evolve and provide specific advice and support depending on individual needs. Winning a large, sudden sum of money on The National Lottery is incredibly exciting for lots of people, but we recognise that it can also be overwhelming and even a little daunting.

So, as well as maintaining an ongoing focus on providing practical support, such as legal and financial advice, we place huge emphasis on wellbeing and helping winners navigate and understand the rollercoaster of emotions that they can often find themselves on. As a result, we have invested a significant amount of time, money and resources in a comprehensive package of support for winners.

In addition to ensuring that the correct processes and procedures are in place, and that payments are made to those entitled to a prize, our team of Winners' Advisors is passionate about providing the very best experience possible to all of our high-tier winners and supporting them every step of the way.

The team works alongside carefully selected partners – including private banks, solicitors, financial advisors, wellbeing experts and a concierge company – and works collaboratively with other departments within the business, such as our Security, Legal, Finance and Publicity Teams, to provide this support.

Despite it continuing to be a challenging year because of disruption caused by the pandemic, the Winner Experience Team not only continued to pay prizes and offer support seamlessly during the period, but it developed and created further initiatives to provide high-tier winners with an even better experience.

For example, it looked at ways to further optimise the use of technology when validating claims. As the year progressed and the team was once again able to offer face-to-face validations, the continued use of DocuSign to collect identification in advance meant that there could be even more focus on the winning experience during the validation appointment.

The team also recognised that, for some winners, a video call to validate their prize was often preferable, particularly if the win was a relatively small one. It therefore adapted its processes accordingly and, as a result, was able to offer winners the choice of a remote validation, a home visit or the opportunity of coming into a Winners' Lounge in one of our offices.

As a result, the team succeeded in paying, advising and supporting more than 830 high-tier prize-winners – who shared over £1 billion between them – during the year.



Support for Winners (continued)

Winner Wellbeing

One of the Winner Experience Team's principal achievements this year was implementing a complimentary wellbeing programme for all £1 million-plus winners in May – something previously only offered to winners of over £3 million.

All of these winners are now offered the opportunity of one month's life coaching from a member of the Wellbeing Team. This has helped many winners understand some of the emotions that they may feel following their win.

National Lottery winners are, of course, all very different and have their own individual challenges. For example, one particular winner was looking after her mother, who was experiencing end-of-life care, when she suddenly discovered that she had won a large prize on a National Lottery game – and she found the wellbeing support that she received invaluable. Others struggle to find a new sense of purpose or just want to talk to someone who can help them understand their emotions.

The programme has been extremely well received and the team has had some very positive feedback from those taking part:

"Coaching helped me to understand what really fulfilled me and gave me the confidence to build on my own abilities. It helped me more than I ever thought."

"The Wellbeing Team helped me to rationalise and understand that my reactions were normal. I was able to talk openly about my fears and it helped me to move to the next stage of acceptance."

This year, 149 high-tier winners have been introduced to the Wellbeing Team, with 73 of them going on to receive additional wellbeing support. An informative new 'Winner Wellbeing' booklet has also been designed and is provided to eligible winners summarising the wellbeing support available to them.

Over the period, the team also continued its programme of 'Virtual Winner Wellbeing' group sessions, which were established at the start of the pandemic, due to their continued success. These are held remotely each month and give winners who have chosen to remain anonymous a platform to discuss their emotions in a secure environment with other winners in a similar situation.

As outlined on page 161 of this Annual Report, the Winner Experience Team also implemented ways of promoting healthy play, and providing additional advice and support to winners who have been identified as at risk.

"It was insightful, helpful and allowed me to discuss my thoughts and feelings in an open forum, which left me feeling more comfortable and reassured regarding my good fortune as I move forward."

One of the 'Virtual Winner Wellbeing' group session participants

Support for Winners (continued)

Legal and Financial Webinars/ Webcasts

All winners of £1 million or more are offered an advisory meeting at which they receive expert advice from a solicitor and a financial advisor. In addition to this, we held four webinars last year to provide legal and financial advice to winners of less than £1 million. The aim of the sessions was to ensure that every high-tier prize-winner had the opportunity of receiving advice directly from relevant experts so that they could make informed decisions regarding their new-found wealth.

The webinars proved very successful but the size of the audience was understandably contingent on winners being available on the days that the webinars were held. To overcome this limitation and therefore ensure that the advice on offer was as accessible to as many people as possible, the Winner Experience Team created a webcast, which winners can view at their leisure and which gives them a point of reference if they require any further support.

Diversity and Inclusion

In keeping with our commitment to be representative of the whole of the UK in how we operate The National Lottery, we're very keen to ensure that all winners are treated equally and have the same opportunities, and that there is a fair representation in any support materials.

This year, we added a section to our prize claim forms to help us monitor the ethnic backgrounds of our winners and record any disabilities. In addition, we refreshed imagery across various assets, including winner support documentation, so that they accurately reflect the diversity of the UK, as well as National Lottery players and winners.

Concierge Service

We have an ongoing relationship with a bespoke concierge company, The Fixer, which helps our winners enjoy some of their new-found wealth. The company offers a wide range of services, including sourcing tickets for sporting events, concerts, weekends away and much more. Over the year, 121 winners registered to use The Fixer's complimentary services and, as the travel industry opens up further, more and more winners are planning some amazing holidays.

Recognising that winners' needs and expectations are constantly shifting, we will continue to monitor satisfaction through our regular winner survey and frequent word-of-mouth feedback. This data should give us a clear understanding of the experience delivered and any potential opportunities for improvement.

Community Investment

We know that giving back is important to our employees, and we want them to have the opportunity to support the local communities, causes and charities they care about.

This marks the sixth year of our community investment programme, 'Living Life Changing', which connects employees with Good Causes through volunteering with National Lottery-funded projects, and maximises their charitable donations through match funding and payroll giving.

The programme has evolved greatly since its inception in 2015/16, and we're proud of everything that we've achieved to date – from supporting over 30 charities and volunteering 9,255 hours, to raising over £448,000 in charitable donations.

Volunteering is one of three ways in which our employees can get involved in 'Living Life Changing'. All employees can take up to two days a year to volunteer individually or as a team, with either any National Lottery-funded project or with a charity close to their heart.

We focus on connecting our employees to Good Causes and have three longstanding partnerships with National Lottery-funded charities, each of which we work closely with:

- Watford Mencap, which works with people with learning disabilities and their families so that they can enjoy equal opportunities, enabling them to lead the life they want for themselves;
- The Conservation Volunteers, which works across the UK to create healthier and happier communities for everyone by connecting people and green spaces to deliver lasting outcomes for both; and
- The Watford Peace Hospice, which supports people with life-limiting illnesses by focusing on empowering patients to achieve the best quality of life possible.

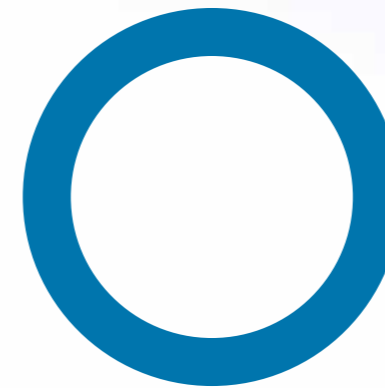
Employees have found it incredibly rewarding to volunteer with either charities of their choice or National Lottery-funded projects, and we were pleased to see volunteering opportunities resume this year as Covid-19 restrictions were lifted.

“We’re very grateful for all of the support that our friends at Camelot give us. They are always prepared to pitch in with volunteer days, give guidance on technical issues outside of our skillset, and provide vital financial support for our services for local people with learning disabilities. We treasure Camelot as community partners who we can approach for advice or support whenever we need it.”

Michelle Hamilton, Fundraiser at Watford Mencap

“At TCV, we value our fantastic partnership with Camelot! Each year, Camelot’s dedicated corporate volunteers across the UK carry out vital environmental tasks, such as woodland management and vegetation clearance, to help our ongoing conservation efforts. The long-term impact of Camelot’s incredible support ensures that we can continue to fulfil our mission – protecting green spaces. We want to say a huge thank you to each volunteer for their help!”

Emma Burkinshaw, Corporate Partner Executive at TCV



100%

of employees felt more connected to National Lottery-funded projects as a result of volunteering



94%

of employees felt prouder to work at Camelot



“Personally, I took a lot from the day. It was the first time in a year and a half the team had the opportunity to see each other in person, due to the pandemic and remoteness of the role we do. In addition to this, it really did make you feel like you were giving back and, as a result, felt more connected to the Good Causes we support as a business. A really worthwhile experience and a great opportunity for the team to work together.”

Christina Grant, Camelot Retail Sales Manager

Community Investment (continued)

As well as through volunteering, our employees can get involved in 'Living Life Changing' through our match funding scheme, which offers them the opportunity to top up their personal fundraising efforts for the causes and communities they support. Each employee can claim up to £500 per year to match their own charity fundraising through activities and events.

This year, our employees took part in a wide range of activities – including long-distance walking, marathon running, cycling 300 miles in a month, swimming and cutting long hair to donate to charities truly in need of the support – which saw them raise over £77,000 through match funding.

Our employees can also support charities through our payroll giving scheme, 'Give As You Earn', which enables them to donate any amount to their chosen charity every month through their pre-tax salary. This means that they can claim tax relief on their donation which can then be passed on to the charity.

To increase the benefits of the scheme, we introduced the option for employees to use their match funding allowance – up to £500 a year – to double the amount that they donate to their chosen charity each month. This enhancement boosted the number of employees participating in the scheme and donating monthly through 'Give As You Earn', and we were proud to be awarded the Charities Aid Foundation Payroll Giving Silver Quality Mark for this achievement.

"During the height of the Covid-19 pandemic, I wanted to give back and do what I could to help those in need. There were so many charities asking for support, but I wasn't able to give any time to help. Thankfully, Camelot helped me find a convenient way to give back to the good causes that are important to me, with Give As You Earn and matched giving.

"It was surprisingly easy to sign up; the hardest part was actually choosing which charities to donate to! The registration process was very flexible, as I was able to decide exactly how much I wanted to give each month and to which charity/charities. This was important to me as it means I can give pre-tax each month to charities that are close to my heart, whilst still being affordable and without having to remember to donate every month!

"On top of this, Camelot also matches my monthly contributions, up to £500. Knowing that my donations are doubled by Camelot is very rewarding. I am very proud that the company I work for not only encourages us to give back, but leads by example in doing so."

Katie Turner, Camelot Interim Winners Advisor

Our community investment programme also stretches beyond our local community. In March 2022, Camelot donated £1 million towards The Sun's Ukraine Fund appeal to raise money for The Red Cross, to help support many of those fleeing the war zone. While the magnitude of the situation is hard for many of us to imagine, we wanted to do what we could to make a difference.

In 2022/23, we will be exploring ways to further increase participation in 'Living Life Changing' across the business, and to connect more employees to the communities, causes and charities they care about.

£25,000

Since 2018, our employees have donated almost £25,000 to charities close to their hearts through 'Give As You Earn'

£420,000

Since 2015, our employees have raised over £420,000 in match funding

	2018/19	2019/20	2020/21	2021/22
Volunteering				
Total hours volunteered	1,215	2,052	N/A due to Covid-19	1,240
Match Funding				
Total raised and matched	£35,200	£89,777	£39,095	£77,035
Give As You Earn				
Total donated	£5,900	£5,200	£6,237	£7,531

Sustainable Supply Chain

Building and maintaining transparent and mutually beneficial partnerships with our supply chain is a key factor behind our ongoing successful operation of The National Lottery.

Our Procurement Team provides support and advice to help Camelot's relationship managers to source and onboard suppliers that meet the business's needs in terms of cost, risk management and choice. It also works closely with our Legal Team to ensure that appropriate contracts, which mitigate risk and contain an appropriate definition of the supplier's obligations and performance metrics, are negotiated and executed with third parties.

Over the course of 2021/22, we worked with 591 suppliers, many of whom are critical to the efficient operation of The National Lottery. The Procurement Team manages our supply chain through a combination of periodic review meetings, surveys and audits – and remains vigilant when it comes to identifying risks associated within the supply chain, working with the business to define appropriate mitigation measures.

The team is responsible for implementing and managing appropriate procurement policies, processes and procedures that are fit for purpose, and that ensure that we comply with all relevant legislation and regulations. It also provides periodic reporting to the Gambling Commission – providing evidence that we are meeting licence requirements as they relate to suppliers.

During the year, the Procurement Team worked with our Accounts Payable Team to implement a process to help facilitate our commitment to meet our obligations as a signatory to the Prompt Payment Code. This enables all suppliers with fewer than 50 employees to be paid on improved terms to help them with their cash flow.

Over the course of 2021/22, we worked with 591 suppliers, many of whom are critical to the efficient operation of The National Lottery.

During the year, the team issued its Supplier Conduct Review to a select group of suppliers who are chosen each year based on the services they provide to Camelot. The survey helps us to understand how our suppliers manage their own businesses, and therefore the potential corporate and social impacts that they may be having on our players and employees based on their actions. In 2021/22, the Supplier Conduct Review was completed by 24 key suppliers – with all of those that submitted a response successfully passing the review.

As flagged in last year's Annual Report, the Procurement Team developed and produced a questionnaire that explores how a relevant subset of our supply chain approaches the issue of modern slavery. The questionnaire was issued to suppliers identified on the basis of their criticality to the business, spend levels and services that are reliant on labour – and we found no concerns after analysing the responses received.

In the coming year, the Procurement Team will continue the work it has already carried out to review and restructure our approach to procurement to ensure that we put corporate and social responsibility even more at the heart of what we do. As well as underlining our continuing commitment to tackling issues – such as modern slavery, and diversity and inclusion – within our supply chain, this will see us instigate more governance in terms of who we work with and how they are managed to ensure that they are operating with integrity, thereby protecting the interests of The National Lottery, Camelot and society more broadly.

Information Security and Privacy

Information security and data protection remain cornerstones of our stewardship of The National Lottery. The vital work carried out by our Information Security and Data Governance Teams ensures confidence in the integrity of our operations, particularly the appropriate processing and protection of personal information of the millions of players, thousands of retailers and hundreds of employees who support it.

In 2021/22, we faced additional challenges as a result of the competition for the fourth National Lottery licence. As well as needing to keep our bid for the next licence secure, we also had to ensure that there was appropriate demarcation within the company between third licence business-as-usual work and fourth licence bid activity, as required under the rules of the competition. The latter involved both technical and organisational controls, as well as comprehensive ongoing training and awareness to further strengthen our security and privacy culture and employee behaviours.

During the year, the Information Security Team successfully completed the triennial re-certification to ISO27001 (the international standard for Information Security Management) and WLS:SCS (the lottery-specific World Lottery Association Security Control Standard), including uplifting to the new 2020 version of the standard.

The team also contributed to the development of ISO27002 (the international standard for Information Security Controls), and obtained certification ISO27701 (the first international standard for privacy information management) for the first time – a notable achievement that took a collective effort from across the business.

It also continued to participate in industry threat intelligence-sharing groups, such as the National Cyber Security Centre, to ensure that we are protecting and serving our customers in line with industry best practices. Looking ahead to the coming year, the team will focus on ensuring the continued stability and security of the business during the transition period to the start of the fourth licence period.

The dedicated Privacy Team, which we established last year, has been further strengthened with the appointment of a new Data Governance Analyst, which has enabled the production of a 'Data Governance Best Practice' guidance document. The team's work has also been enhanced through more regular engagement with our network of Privacy Champions – volunteers from each area of the business who liaise with the Privacy Team to support data protection activities.



Environmental Impact

A key element of operating responsibly is minimising our environmental footprint. We do this by analysing and understanding our environmental impact, identifying where we can make changes to amplify positive activities and reduce negative ones. Every year brings with it new challenges and opportunities, and this year we focused on maintaining plant and equipment across all of our sites, upcycling equipment, and the safety of our employees, contractors and visitors.

Contributing to the UK's target of net zero emissions by 2050 continued to be factored into our operations and decision-making throughout the year. We remain focused on monitoring our carbon footprint, seeking out ways to reduce it further and encouraging employees to consider how they can reduce their own footprint. From changing our lighting and planning to install smart meters to supporting hybrid working and promoting cycling, we are working hard to play our part.

We also factored TCFD-aligned (Task Force on Climate-Related Financial Disclosures) reporting into our plans as we began considering the steps we need to take to comply with this mandatory requirement. In the next year, we are committed to making progress on this front ahead of formalised reporting.

With the easing of Covid-19 restrictions in the past year, many of our employees have moved to a hybrid way of working, splitting their time between home and our offices. To ensure the safety of our employees on their return to our buildings, we implemented a range of Covid-safe measures, including maintaining safe working space allowances, reducing meeting room capacity, and purchasing lateral flow testing kits for our on-site and field staff.

In line with lockdown restrictions in the early part of the year, the restaurant at our Head Office remained closed for eating in, so we offered an environmentally friendly take-away alternative for our employees. We sourced compostable cutlery made from wood and compostable food containers made from bagasse – a fibrous material made from a waste product of sugar cane production.



Environmental Impact (continued)

Once lockdown restrictions were removed, we re-opened our restaurant for dining, and this resulted in a reduction in the amount of single-use containers and cutlery being used. In addition, we continued to encourage our employees to bring their own reusable cup to our coffee shop by offering a discount in order to further reduce the impact of single-use products.

We worked closely with our facilities provider to implement more chemical-free cleaning solutions where possible in our offices, without compromising Covid-19 safety measures and our own high standards. Our cleaning solutions are biodegradable and have the EU Ecolabel – a label of environmental excellence awarded to products and services meeting high environmental standards throughout their life-cycle, from raw material extraction to production, distribution and disposal.

Our current waste supplier at our Head Office has its own polymer plant in Edmonton, which converts plastic into pellets for reuse as milk bottles. Over 80% of milk bottles in the UK now contain plastic recycled by our supplier – including waste plastic collected from us. Next year, we plan to change our waste supplier so that we can use one single provider to cover several of our sites – enabling us to recycle a higher proportion of waste.

We have continued to work hard over the last year to replace standard light fittings with more efficient LED lighting at our Northampton distribution centre, and upcycled equipment such as zip taps, air handling units and condensers by using parts of disused and broken equipment to make faulty equipment usable again.

Recognising that environmental considerations are important to people across the business, we formed an Environment Community for our employees to discuss and build awareness of current environmental topics, and to ensure

that environmental considerations are embedded across the business. Over the next year, we will be looking at ways to expand the group further to become an established network in the business and to define goals to increase our positive impact.

As the proud sponsor of Watford Borough Council’s ‘Beryl Bikes’ scheme for the second year, we continued to encourage our employees to cycle to and from work. Not only is this good for their physical and mental wellbeing, but it has the added benefit of lowering carbon emissions in the Watford area.

To prompt our employees to consider how they travel to and from work, we joined a campaign with Watford Borough Council promoting the use of Beryl Bikes to keep the streets greener and cleaner. As part of the campaign, a 3.4-mile sprint race across Watford took place, with the competitors – including some of our employees – using different modes of transport. E-bikes proved to be the fastest mode of transport, while also being an environmentally friendly option.

In 2021/22, 107,704 Beryl Bike journeys were made, with 276,136 kilometres covered throughout the town – saving approximately 9.8 tonnes of CO₂. In the coming year, we will continue to encourage employees to use greener modes of transport as we see more people returning to our offices.

Other environmentally friendly initiatives lined up for 2022/23 include installing a smart meter at our distribution centre, and looking into new air conditioning systems that run more efficiently and economically for all of our sites, which, in turn, will further reduce our carbon footprint.

107,704

Beryl Bike journeys made and 276,136 kilometres covered across Watford in 2021/22 – saving approximately 9.8 tonnes of CO₂

Environmental Impact (continued)

Our Total Carbon Footprint

We reduced our total carbon footprint in 2021/22 by 7% – or 113 tCO₂e – to 1,529 tCO₂e.

Year	2020/21	2021/22
tCO ₂ e	1,642	1,529

Carbon Footprint					
Year	2020/21		2021/22		
Activity	Energy (kWh)		Emissions (tCO ₂)		Difference
Scope 1 Total	874		733		-141
Natural Gas	1,319,468	243	1,187,172	217	-26
Company Cars	2,602,380	631	2,097,090	516	-115
Scope 2 (Location Based) Total	757		766		9
Electricity (Location Based)	3,244,858	757	3,607,896	766	9
Scope 3 Total	11		30*		19
Hire Cars	24,738	6	56,370	13	7
Personal Vehicles	19,392	5	69,695	17	12
Total	7,210,835	1,642	7,018,223	1,529	-113
Emissions per £million of gross ticket sales (tCO₂e)	0.20		0.19		-0.01
Water (M3)	11,467		17,297		5,830

* Excludes courier service-related emissions

Quantification and Reporting Methodology

We’ve taken guidance from the UK government’s Environmental Reporting Guidelines (March 2019), the Greenhouse Gas (GHG) Reporting Protocol – Corporate Standard, and from the UK government’s GHG Conversion Factors 2021 for Company Reporting document for calculating carbon emissions.

Energy usage information for gas, electricity and water consumption has been obtained directly from our energy/water suppliers and half-hour/automatic meter reading data, where available.

For supplies where complete 12-month energy usage data wasn’t available, flat profile estimation techniques have been used to complete the annual consumption.

Transport mileage and/or fuel usage data is used for our company and employee-owned vehicles. CO₂e emissions were calculated using the appropriate emissions factors from the UK government’s GHG conversion information.



Working In Partnership

We collaborate with a range of organisations to inform our thinking, drive progress and share relevant experiences. Some of the organisations we have worked with over the year include:

Academics and external experts in the industry offer independent, impartial and fresh viewpoints to help strengthen and develop our strategy.



The European Lotteries is the umbrella organisation of national lotteries across Europe. It promotes responsible and sustainable gaming, and provides a proactive and strategic forum for reflection, discussion and collaboration between members.



The **World Lottery Association** is a member-based organisation that seeks to advance the interests of state-authorized lotteries.



GamCare is the leading UK provider of information, advice and support for anyone affected by problem gambling. It operates the National Gambling Helpline, provides treatment for anyone harmed by gambling, creates awareness about safer gambling and treatment, and encourages an effective approach to safer gambling within the industry.

CAMELOT

OUR PEOPLE

It's really important to us that Camelot is a place where people can thrive – with a diverse and inclusive workforce who feel proud about the work they do, valued in their roles and engaged to be their best as they further their careers with us.



We work hard to ensure that our people strategy supports this – by creating a culture, environment and processes that are inclusive, and by continuously enhancing our employee offering and doing everything we can to make all staff feel that their voice is heard.

To do this, our strategy over the year focused on four core areas:

- **ways of working in the post-pandemic world;**
- **driving performance through quality conversations, and building management and leadership capability;**
- **driving even higher employee engagement; and**
- **delivering key activities as part of our licence and regulatory responsibilities.**

Thanks to all of the activity we've carried out to look after and meet the needs of our employees, it's been another outstanding year for the company. As well as delivering yet another fantastic set of sales results and record returns to Good Causes from ticket sales, we successfully navigated through the pandemic, and are now focused on returning to the office and embedding hybrid ways of working. We also continued to achieve excellent employee engagement scores over the period and are proud to have received multiple awards in recognition of all we've done to support our people.



Employee Forum

Our Employee Forum is a group of passionate, dedicated people from across the business, who have been elected by their peers to represent employees' views about all aspects of working for Camelot. As well as obtaining answers to any questions that staff may have, the forum, which meets every other month, offers help and advice on a wide range of work-related topics.

Forum members represent 10 business constituencies – ensuring that every area across the organisation has a voice. Sponsored by a member of the Executive Team, the forum discusses current topics or issues, feeds back on any changes happening within the business, seeks to address any concerns that people may have, and ensures that the company listens to the views of all employees and considers these when making decisions. In addition, Jennelle Tilling, one of Camelot's independent Non-Executive Directors, has specific responsibility for engagement with employees.

During the year, the forum continued to play a critical role in acting as an effective channel of communication between staff, managers and the Executive Team on a wide range of matters. For example, it played a key role in making sure that employees continued to feel heard as we navigated through the pandemic and then shifted our focus towards a hybrid working model as we returned to the office.

The group also continued its informative monthly newsletter, *Camelot Connected*, which it launched the previous year, to keep everyone updated on its work, and to share tips and advice from different areas of the business to help keep teams engaged and motivated.

Looking ahead, the forum will continue to play a crucial role in representing the voice of employees as we adjust to our new hybrid ways of working, and develop the right balance between the needs of the business and those of our employees. It will also play a key role in keeping people informed following our decision to launch a legal challenge in respect of the Gambling Commission's Preferred Applicant decision for the fourth National Lottery licence.



Employee Engagement

It's really important to us to know how our employees feel about working for us and one of the ways we gauge this is through employee engagement surveys.

Building on our overall engagement score of 90% in 2020/21, we achieved an even better engagement score of 91% in our most recent quarterly pulse survey in October 2021. With 88% of employees taking part, we're confident that the results provide an accurate indication of how our employees are feeling.

Encouragingly, our score was 13 points above the external benchmark and meant that, for the fifth year running, our engagement score has continued to improve and we remain in the top rankings compared with other companies across the UK. In addition, our scores were strong across all areas, with no questions scoring below the external benchmark and no noticeable dips compared with our last survey.

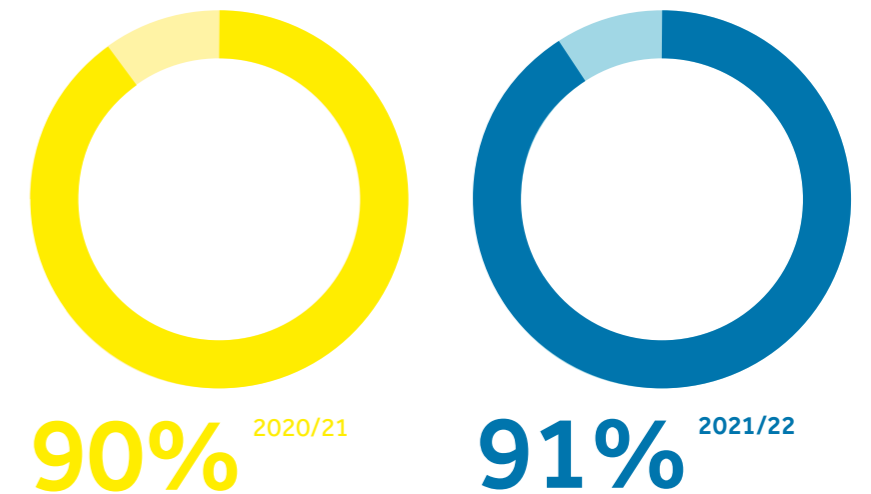
Given it was another challenging year for our people, we were particularly proud that so many employees feel supported in their work. 88% of employees believe that their line manager does enough to support their health and wellbeing at work, while 85% feel that they have high-quality conversations about their performance. In addition, 96% of people feel proud to work for Camelot and 95% believe that the business is well led.

Despite these extremely positive results, we know that there is more work to be done to maintain these excellent levels of engagement. As well as continuing to build on our strengths, we'll be looking in detail at the areas for improvement that were identified in the survey, building local action plans at team and departmental levels to ensure that these are addressed, and developing a series of learning sessions and resources to help keep everyone fully supported.

To cap a remarkable year, we were proud to achieve back-to-back '3 Star' accreditations at the 2021 Best Companies Awards, improving our score from the previous year in the process – a tremendous accomplishment in such a challenging year. The '3 Star' rating is the highest standard achievable, and recognises organisations that truly excel and have 'extraordinary' levels of workplace engagement.

As a result, we improved our ranking as one of the best companies to work for in the UK – achieving 10th place in the Best 100 Large Companies 2021, up from 35th place a year earlier. In addition, we received three further accolades: first place in 'London's 75 Best Large Companies'; third place in the 'East of England' rankings; and third place in the 'Leisure & Hospitality' list.

To round everything off, we also received a special award for our work on wellbeing in the 'Large Companies' sector. We were the only large company to receive this award, which recognised our commitment to looking after our people.



Our overall engagement score

Employee Development

We are committed to ensuring that all of our employees are able to meet their full potential, and have made further good progress in offering them learning and development opportunities throughout the year.

We continued our focus on employee performance in 2021/22 and maintained the rhythm of talking about it with more regular and frequent conversations, as well as holding workshops with those members of staff and managers who were either new to the company or who needed a refresher.

We also ran an exciting programme of learning aimed at offering development for all over the course of the year. For example, building on the success of our existing high-energy 'Learning Weeks', we refreshed them to launch 'Be Your Best: Skills For The Future' – a month-long programme of development sessions and events that ran throughout May designed to equip staff with a skill that will help them in the future.

These included skills such as creativity, originality and initiative; technology design and programming; active learning and learning strategies; and leadership and social influence. The programme of events also saw the return of sessions that had proved to be extremely popular in previous Learning Weeks, including meditation, exercise classes and mindfulness.

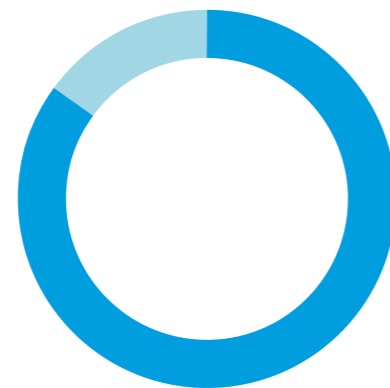
A total of 39 sessions attended by 454 people from across the business took place throughout the month, with 1,118 seats booked in total – an increase on the previous year – resulting in overwhelmingly positive feedback from employees.

In addition, we continued our partnership with LinkedIn Learning to ensure that we are offering employees a flexible learning option that enables them to develop their skills and knowledge at their own pace. And we established a partnership with getAbstract, the world's largest library of business book summaries, to offer further flexible ways for our people to learn. We also created an on-demand section on our intranet for people to catch up on the content of any learning and development events that they may have missed.

Apprenticeships

Following the success of 'Lead Your Way' – our apprenticeship initiative with local partner West Herts College designed to develop management and leadership skills – we are pleased to report that we have a further 41 people working towards coaching, management and leadership, and specialist qualifications through the apprenticeship scheme.

This takes the total number of people who have completed or are studying for an apprenticeship at Camelot to 103.



85%

of employees feel that they have high-quality conversations about their performance





Employee Wellbeing

In 2021/22, we continued to focus on prioritising our employees' wellbeing, and have kept it at the heart of all of our communications and engagement activity.

With wellbeing never having been so important to our lives as a result of the Covid-19 pandemic, we built and launched a 'Wellbeing Hub' on our intranet, where our people can easily and quickly access a wide range of wellbeing content. Packed full of useful tools, the hub offers support for all facets of wellbeing – including support for parents; joining a community; health and fitness; mental health; help with finances; and personal development.

As 2021 was an Olympic year, we partnered with Team GB and ParalympicsGB to launch our 'Everyday Wellness Programme' – a year-long programme to help people keep balanced and set up to achieve success.

The programme focused on a range of topics – including mindset and motivation; mental wellness; exercise and movement; nutrition; and adaptability to your environment – with classes led by the likes of Olympic gymnast Nile Wilson, Paralympic swimmer Alice Tai and Olympic taekwondo athlete Lutalo Muhammad.

Throughout the year, we continued to promote the importance of wellbeing and mental health. For example, we celebrated World Wellbeing Week in June to raise awareness of all aspects of wellbeing, including emotional, mental, physical health, and financial security – and the tools and resources we offer to support our employees.

Our team of Mental Health First Aiders is now an established community group within Camelot, and led multiple events and initiatives during the year, including sessions on sleep, bereavement and mindfulness/meditation. The team was also instrumental in setting up a mental health learning module in partnership with Mental Health First Aid England for all managers and leaders.

In addition, the group hosted a number of wellbeing sessions and surveys at team level to ensure we continue to have open dialogue, insight and actions. In partnership with the Watford Chamber of Commerce, we also successfully trained over 140 people to achieve a Level One qualification in Mental Health First Aid training.

Over the course of the year, we continued to promote Help@hand, a service that provides employees with quick access to five key health and wellbeing services through an award-winning app. As well as offering video consultations with GPs and medical second opinions, Help@hand provides access to mental health therapists and personalised treatments with physiotherapists. It also offers advice on a range of life and work issues, including financial, legal and family concerns.

From a financial wellbeing perspective, we made enhancements to our wellness subsidy, which allows employees to claim up to £1,000 off annual gym memberships and classes, by expanding the scheme to include online sessions because of the pandemic.

We're also proud to be an accredited Living Wage Employer, which ensures that our employees and associated third-party workers can earn a wage which they can live on – one that is significantly higher than the government minimum.



"We're delighted that Camelot has joined the movement of almost 9,000 responsible employers across the UK who voluntarily commit to go further than the government minimum to make sure all their staff earn enough to live on.

"They join thousands of small businesses, as well as household names, such as Burberry, Barclays, Everton Football Club and many more. These businesses recognise that paying the real Living Wage is the mark of a responsible employer and they, like Camelot, believe that a hard day's work deserves a fair day's pay."

Katherine Chapman, Director, Living Wage Foundation



Diversity and Inclusion

We want to be representative of the whole of the UK in how we operate The National Lottery. Just as our players are from diverse backgrounds and communities, so are our employees. We value a culture that embraces difference, and enables people to be themselves, to participate fully and to meet their full potential.

Whatever their age, ability or disability, sex, racial/ethnic background, religion or culture, sexual orientation, gender identity and/or expression, marital or parental status, our people are critical to our success – so it’s vital that we continue to take further strides as an inclusive and supportive employer.

Over the past year, we worked with our Executive Team to establish a strategic vision and ambitions which support our inclusion work. This involved input from an organisation-wide working group, which identified opportunities – over the short, medium and long term – that can be incorporated into a three-year plan that addresses representation, culture and accountability across Camelot and the wider National Lottery ecosystem, including its millions of players and the hundreds of thousands of Good Cause projects that they help to fund across the UK.

One example of the progress we’ve made is that we now ensure that there are women on all recruitment shortlists, a requirement that also extends to our third-party partners who have signed a commitment charter in support of our inclusion goals.

Our established employee communities – including our Women’s Network, our Pride Network, our Parents’ Network and our Culture Network – also continued to thrive during the year. All of these communities have the autonomy to connect and engage with the organisation on what’s important to them – whether that be building awareness and education, celebrating the rich tapestry of our workforce, or driving change and action within the business.

This resulted in a steady stream of activities, events and content throughout the year highlighting key cultural dates in the calendar, including LGBT+ History Month, Women’s History Month and Black History Month.

In the coming year, we will be looking to build on the already very high levels of engagement that we saw this year by keeping the wellbeing of our employees at the core of our people strategy. We will also remain agile and responsive to the issues that matter to our staff, and will develop and implement programmes of work to ensure that the unique culture within Camelot is maintained. This will include further work on embracing our new hybrid ways of working in a post-pandemic world as we look to set up the organisation for future success.

As at: Female Board Members

31 March 2022	44% <small>(four of the nine members)</small>
24 June 2021	44% <small>(four of nine)</small>
25 June 2020	50% <small>(four of eight)</small>
27 June 2019	38% <small>(three of eight)</small>
1 April 2018	14% <small>(one of seven)</small>

As at: Female Executive Team Members

31 March 2022	25% <small>(three of the 12 members)</small>
24 June 2021	25% <small>(three of 12)</small>
25 June 2020	25% <small>(three of 12)</small>
27 June 2019	27% <small>(three of 11)</small>
1 April 2018	23% <small>(three of 13)</small>

As at: Senior Management Gender Balance

(ie the Executive Team and their direct reports from grades 3 to 5)

31 March 2022	58%/42% <small>male/female</small>
5 May 2021	67%/33% <small>male/female</small>
11 May 2020	64%/36% <small>male/female</small>
30 May 2019	64%/36% <small>male/female</small>
1 April 2018	64%/36% <small>male/female</small>

As at: Employees

31 March 2022	50%/50% <small>male/female</small>
24 June 2021	51%/49% <small>male/female</small>





Gender Pay Gap

As of April 2021, we employed 983 members of staff who fell within the gender pay gap reporting criteria. This compares with 954 employees in 2020.

Based on our payroll in April 2021, we had a mean gender pay gap of 22.6% and a median gender pay gap of 22.5%. And, based on bonuses paid in the year to 5 April 2021, we had a mean gender bonus gap of 43.8% and a median gender bonus gap of 21.6%.

As detailed in previous Annual Reports, when analysing our gender pay gap figures, the first and most important fact we established is that men and women at Camelot are paid equally for equal work. With all roles benchmarked for grading and salary purposes against an independent source of general industry pay data, we know that pay disparity is not a contributory factor.

Our gender pay gaps continue to be primarily driven by the gender mix of our employees – with more women in the lower-paid job grades and more men in the higher-paid job grades. This is due to a number of environmental factors, such as certain departments employing more men than women and the fact that the majority of our part-time staff are women.

Despite these factors, we're pleased to report that we saw an improvement in every single one of our gender pay gap metrics this year – with reductions in both our mean and median pay gaps, as well as in our mean and median bonus gaps, while the proportion of both women and men who received a bonus during the course of the year increased to over 70%.

We also made further progress in terms of our pay quartiles, with a reduction in the proportion of women in our two lower pay quartiles accompanied by an increase in the proportion of women in our two upper pay quartiles.

This year's figures provide clear evidence that our longstanding measures – such as flexible working, benchmarking and maternity bonuses – combined with a number of more recent initiatives – such as progression for women, balanced shortlists and unconscious bias training – are continuing to have a positive effect.

Although we recognise that there is more work to be done, we remain fully committed to reducing our gender pay and bonus gaps over the long term, and promoting gender diversity at all levels across the business – and will be looking to further improve on this year's figures by building on the encouraging headway that we've made to date.

“I'm delighted that we've seen improvements in every single one of our gender pay metrics across the board this year – thanks to our comprehensive action plan. The Executive Team and I remain fully committed to promoting diversity and inclusion at all levels across the company, and ensuring that Camelot is truly a place to be you. I'm really pleased with the progress that we're continuing to make, and have every faith that we'll continue to further reduce the gaps over the long term.”

Nigel Railton, Camelot CEO



THINKING DIFFERENTLY

We challenge ourselves to innovate and do better everyday.

CAMELOT

Our Values

Our values underline what we stand for as a business. They set out what is important to us and the behaviours that employees should demonstrate. They guide our actions and decisions, and provide a framework for us to talk to each other about how we behave. We continue to encourage all of our employees to live our values in their day-to-day work.

Delivering Together

We make extraordinary things happen every day. We know we get the best results when we work together – sharing knowledge and expertise, and building trust.

Operating With Integrity

The nation can count on us to take care of The National Lottery because we do what's right.

Taking Ownership

What we do matters. We make an extraordinary contribution to the nation, and we take great pride in doing the best work possible.

Thinking Differently

To make extraordinary things happen, we challenge ourselves to innovate and do better every day.

Celebrating Success

At the heart of The National Lottery are optimism, celebration and giving. We bring that spirit to life in our work.



Our Board

At 31 March 2022, our Board comprised nine members: the Chairman and Deputy Chairman, three further independent Non-Executive Directors, two Non-Executive Directors (officers of Ontario Teachers' Pension Plan) and two Executive Directors (the Chief Executive Officer and the Chief Financial Officer).

Sir Hugh Robertson KCMG PC DL

Chairman

Sir Hugh was appointed as the independent Chair of Camelot in June 2018. He is also Chair of the British Olympic Association, an organisation he helped lead to its largest-ever medal haul at the Rio 2016 Olympic Games and to its largest-ever medal total at a Winter Olympic Games in PyeongChang in 2018. He subsequently led it through the Tokyo 2020 and Beijing 2022 Games.

He served in Parliament from 2001 to 2015, doubling his majority at both the 2005 and 2010 general elections. He was Minister for Sport and the Olympics during London 2012, an event widely described as the finest Olympic and Paralympic Games of modern times.

He was subsequently Minister for the Middle East, North Africa and Counter Terrorism at the Foreign Office, taking part in the Kerry Middle East Peace Process and the Geneva Peace talks, as well as many other major international negotiations.

Prior to entering Parliament, he worked at Schroder Investment Management and served in the army, seeing active service in Northern Ireland, Cyprus, the first Gulf War and Bosnia. He was made a Privy Counsellor in 2012, and was subsequently knighted for his work on London 2012 and in the Middle East.

Our Board (continued)



Robert Walker Deputy Chairman & Senior Independent Director

Robert is currently Chairman of Busy Bees Holdings Ltd. He has an extensive track record of chair positions at large public companies, with recent appointments including Chairman of Ei Group, Travis Perkins, WHSmith, BCA Marketplace and Williams Lea.

Robert started his career in brand management at Procter & Gamble before moving to McKinsey & Company. He then went on to spend more than 22 years at PepsiCo, where he was President, responsible for the company's businesses in Europe, the Middle East, Africa and South Asia, before moving to Severn Trent, where he was Group CEO from 2000 to 2005.

He has also held a number of Non-Executive Director roles at a wide range of companies. These have included Wolseley/Ferguson, BAA, Tate & Lyle, Signet Group and Thomson Travel.



Nigel Railton Executive Director

Nigel was appointed Chief Executive Officer (CEO) of Camelot in 2017, having previously been CEO at Camelot Global. He joined Camelot in 1998 as Financial Controller and became Finance Director in 2003, later joining Camelot's Board in 2006.

Having played a key role in Camelot's successful bid to operate The National Lottery in the third licence period, he became Finance and Operations Director in 2007, assuming overall responsibility for the successful implementation of the company's transition commitments. This saw Camelot complete the largest and fastest lottery upgrade of its kind in the world. He then became Group Chief Financial Officer and Strategy Director in 2010, securing a four-year extension to Camelot's UK licence.

As CEO of Camelot Global, Nigel won the private management agreement to run the Illinois Lottery and worked very closely with Ontario Teachers' Pension Plan in the successful bid to operate the Irish National Lottery. Other successes included winning the contract to work with the Arkansas Scholarship Lottery and launching a new online gaming platform for Swiss lottery operator Loterie Romande.



Jane Rowe Shareholder-Nominated Non-Executive Director

Jane has been Vice Chair, Investments, of Ontario Teachers' Pension Plan (OTPP) Board since 2020. She previously served as Executive Managing Director and head of OTPP's Equities department. Comprised of Private Capital and High Conviction Equities, the department's mission is to deliver growth through investment in both private and publicly-traded entities.

Jane sits on the Investments and Risk Committees of OTPP, and also serves on the boards of Cadillac Fairview, OTPP's wholly-owned real estate subsidiary, TD Bank Group and Enbridge Inc.



Nick Jansa Shareholder-Nominated Non-Executive Director

Nick joined the Board in May 2021. He leads investment activities and portfolio management in the Europe, Middle East and Africa (EMEA) region for Ontario Teachers' Pension Plan (OTPP), and is based in its London office.

Prior to joining OTPP, Nick spent almost 25 years at Deutsche Bank, where he progressed to Managing Director, Co-Head of Corporate Finance EMEA and Global Co-Head of Leveraged Debt Capital Markets. Over the course of his career, he has gained in-depth expertise as both capital allocator and principal investor, built strong European knowledge, and cultivated a robust network on the buy and sell side.



Clare Swindell Executive Director

Clare joined Camelot in 2017 as Chief Financial Officer (CFO) and was appointed to the Board in September 2019. She joined the company from dunnhumby, where she was Group CFO for three years and led a number of key projects, including a major finance transformation programme.

Prior to dunnhumby, Clare had a successful and varied career at Tesco – with over 17 years in both finance and operational roles, including positions in strategy and commercial, CFO for Tesco.com and Group Audit Director.



Rob Rowley Independent Non- Executive Director

Rob joined Reuters in 1978 where he held various senior management positions, including Finance Director from 1990 to 2000. He retired as a Director of Reuters Group plc in December 2001. Rob was previously Executive Deputy Chairman of Cable & Wireless plc, and a Non-Executive Director and Audit Committee Chairman of Taylor Wimpey plc, Moneysupermarket.com Group plc, Morgan Advanced Materials plc, Intu Properties plc and Prudential plc.

He was also Non-Executive Director, Senior Independent Director and Chair of the Audit Committee at Greene King plc.



Jennelle Tilling Independent Non- Executive Director

Jennelle has over 25 years' consumer marketing, digital and innovation experience with leading global FMCG and food retail brands. She spent over 18 years working for Yum! Restaurants International in a variety of senior marketing roles – culminating in her serving as the Global Chief Marketing Officer for KFC, responsible for the company's marketing, communications, innovation, digital presence and reputation in over 125 countries.

Jennelle is the Founder and Chief Brand Strategist at London-based brand consultancy Marketing with Insight, and is a Fellow of The Marketing Society and a member of the Marketing Group of Great Britain. She is a member and Past President of Women in Advertising and Communications London, and a mentor to The Marketing Academy. Jennelle also holds Non-Executive Director roles at Shaftesbury PLC and Yorkshire Building Society, and is a Trustee for The Guide Dogs for the Blind Association.



Gill Whitehead Independent Non- Executive Director

Gill was appointed as the inaugural Chief Executive of the UK's Digital Regulation Cooperation Forum in November 2021. Prior to this, she spent two years at the Oxford Internet Institute completing a Masters, and conducting academic research in her interest areas of data markets and data access.

Gill spent four years as Google UK's Senior Director of Client Solutions & Analytics – leading teams in data analysis, measurement, user experience and consumer segmentation – having previously led their Market Insights across EMEA. She previously worked at Channel Four and BBC Worldwide in a variety of strategy leadership and technology-driven roles, after beginning her career at the Bank of England and Deloitte Consulting.

Gill is a Fellow of the Institute of Chartered Accountants. She is also a Non-Executive Director and Audit Committee Chair of Informa plc and the British Olympic Association.

Gill stepped down from the Board in April 2022, and David Kelly was appointed to the Board in May 2022.

Our Executive Team

Our Executive Team, led by the Chief Executive Officer, maintains management responsibility for the company's day-to-day operations, and the implementation of its strategies and policies, as it seeks to raise as much money as possible for Good Causes.

Nigel Railton

Chief Executive Officer

Nigel was appointed Chief Executive Officer (CEO) of Camelot in 2017, having previously been CEO at Camelot Global. He leads the Executive Team and has overall responsibility for the company's day-to-day operations. Nigel joined Camelot in 1998 as Financial Controller and became Finance Director in 2003, later joining the Board in 2006.

Having played a key role in Camelot's successful bid to operate The National Lottery in the third licence period, he became Finance and Operations Director in 2007, assuming overall responsibility for the successful implementation of the company's transition commitments.

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Prior to dunnhumby, Clare had a successful and varied career at Tesco – with over 17 years in both finance and operational roles, including positions in strategy and commercial, CFO for Tesco.com and Group Audit Director.



Neil Kellar

Chief Information Officer

Having previously worked for Camelot from 2003 to 2016 – including nine years as IT Director – Neil re-joined the Executive Team in 2017 as Chief Information Officer. He has additional responsibility for a number of Business Operations functions, including the Contact and Distribution Centres, Facilities, and Draw and Winner Services.

Neil's earlier career saw him work at a number of blue chip companies, including HSBC, Penguin Books Publishing Group and Daimler Chrysler.



Neil Brocklehurst

Commercial Director

Neil joined Camelot's Executive Team in 2018, and oversees the company's Commercial function with responsibilities including e-and m-commerce, draw-based games and Instants portfolio management, as well as management of the Retail and Transformation functions.

Prior to that, he was Managing Director of Camelot Global, where he ran both the European and North American businesses. Neil was also a key part of the team that successfully secured the contract to become the private manager of the Illinois Lottery.

Our Executive Team (continued)



Rachel King

People Director

Rachel joined Camelot as People Director (previously Group HR Director) in 2016 and is responsible for leading the company's people strategy.

Prior to joining Camelot, she spent a number of years in senior HR roles in the media sector, including Group HR Director of Trinity Mirror and HR Director at Hearst Magazines. Rachel has led the HR functions of a number of organisations, helping their business models to evolve following significant changes in technology and consumer behaviour.



Keith Moor

Chief Marketing Officer

Keith joined Camelot in 2019 as Chief Marketing Officer (CMO), and is responsible for the company's Marketing and Brand activities. He has additional responsibility for Customer Experience and Corporate Social Responsibility, including healthy play and player protection.

Prior to joining Camelot, Keith worked for Santander as CMO and was a member of its UK Executive Committee. He is a Fellow of the Marketing Academy, Council member and Treasurer of ISBA, and Board member of the MMA EMEA. He is also a Non-Executive Director of the Marketing Society.

Keith was named Marketer of the Year in the 2021 Marketing Week Masters Awards.



Matt Ridsdale

Executive Director

Matt joined Camelot in 2017 and leads the Corporate Affairs department, which is responsible for enhancing and protecting the reputation of Camelot and The National Lottery, and engaging with key stakeholders.

Matt was previously joint CEO of Tavistock, a leading communications consultancy, where he led the team in advising companies and individuals on strategic corporate and financial matters.



Gaby Heppner-Logan

Director of Regulatory Affairs

Gaby joined Camelot in 2018, and is responsible for leading the Regulatory Affairs function and relationship with the Gambling Commission.

She has extensive experience in regulatory and corporate affairs in telecoms, and was previously BT Group's Regulatory Director. Prior to this, Gaby led marketing, communications, employee engagement and corporate social responsibility teams at Openreach, BT and Cable & Wireless.



John Dillon

Legal Director and Company Secretary

John is a solicitor and joined Camelot in 1998 as a Legal Adviser, becoming Deputy Head of Legal in 2004, Head of Legal in 2009, Company Secretary in 2010 and Legal Director in 2012.

As Legal Director, John is responsible for Camelot's legal strategy, which includes ensuring that all Camelot Group companies receive the necessary legal advice to identify and mitigate all material legal risks associated with their operations.

As Company Secretary, he is responsible for advising the Board on all governance matters and other administrative duties relating to the Board, its Committees and the company's compliance with company law requirements.



Mike O'Donohue

Chief Data Officer

Mike joined Camelot in 2016 and has spent over 20 years working at the intersection of strategy, behavioural science and advanced analytics – and is passionate about the power of data science to reshape customer experience and organisational decision-making.

As Camelot's first Chief Data Officer, Mike has made data a Board-level priority, elevated data-driven decision-making to be a core operating principle, and developed a big data and advanced analytics strategy. He previously worked at British Gas, Tesco and McKinsey & Company.



Tim Haldenby

Chief of Staff

Tim joined Camelot's Finance Team in 2000 and has worked on a number of key projects, including the successful bid for the third National Lottery licence and the sale of Camelot to Ontario Teachers' Pension Plan in 2010.

In 2014, he joined Camelot Global as Head of Strategy before re-joining the UK business in 2018 as Chief of Staff, responsible for ensuring that the Executive Team successfully delivers Camelot's plans.



Andy Nice

Transformation Director

Andy joined Camelot in 2017 to shape and implement its Operational Excellence programme, which has successfully delivered a series of enhancements across a wide range of business functions.

He became Transformation Director in 2017, responsible for devising and managing the company's Strategic Delivery Plan – a three-year initiative aimed at delivering further improvements across the business, including commercial developments, retail growth and integrity.

MUSICALS

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The National Lottery's Big Night of Musicals brought together the biggest shows from the world of musical theatre to thank National Lottery players for supporting the performing arts throughout the pandemic

Strategic Report

The Directors present the Strategic Report of Camelot UK Lotteries Limited (the 'Company' or 'Camelot') for the Year Ended 31 March 2022.

Business Review

Camelot delivered its best-ever Returns to Good Causes from ticket sales for a second consecutive year – with returns increasing by £14.0m (0.8%) to £1,800.8m over the period. Following on from a record year in 2020/21 in which the Company achieved its highest-ever sales, the Company's performance this year built on the strong brand health, positive stakeholder engagement and business momentum created during the Covid-19 pandemic. Gross ticket sales were £8,090.7m, a decline of 3.4% year on year, but broadly flat when removing the non-repeat impact of above average roll series sales on EuroMillions in the prior year and the introduction of healthy play initiatives during the year. This is despite the continuing disruption caused by the pandemic and latterly, the cost of living crisis.

Camelot's marketing continued to perform strongly in 2021/22, with the Company maintaining the link between play and purpose, and build the long-term health of The National Lottery brand, as measured by its well-established brand positivity metric. This has continued its upward trend and exceeded its target of 46% on a 12-month rolling average basis by reaching 47.7% at year end. Initiatives successfully delivered during the year included:

- A new brand campaign in the first quarter of the year, which was an evolution of the 'Your Numbers Make Amazing Happen' campaign. In line with the relaxation of Covid-19 measures, the new campaign celebrated the "fun stuff that happens when we all play a little".
- The National Lottery's largest-ever brand campaign for Tokyo 2020 in July and August 2021, which celebrated the unique role of National Lottery players in supporting Team GB and ParalympicsGB athletes at the Games. This included a bespoke TV campaign featuring eight athletes and parathletes, a reactive digital campaign celebrating every medal won at the Games, and two unique homecoming events which allowed players to celebrate with the Olympic and Paralympic teams at The SSE Arena, Wembley.

- A joint promotion in October 2021 and February 2022 with VisitBritain to help the UK tourist industry recover from the pandemic and in which National Lottery players could use their Lotto ticket to redeem a £25 voucher. The campaign was hugely successful, leading VisitBritain to extend the promotion and resulting in over 200,000 vouchers being redeemed.

The Company's marketing work has also been externally recognised – it won several prestigious marketing awards during the year, including The Marketing Society Brand Revitalisation Award, The Marketing Society Finance Director Prize and The Marketing Society Grand Prix Award. In addition, it won the Marketing Week Masters Award for Long-Term Brand Building Excellence, while Camelot's Chief Marketing Officer was named as the Marketer of the Year in the same awards.

Camelot's continued focus on delivering in retail, achieving improved in-store standards, increasing distribution and delivering tailored customer service for retailers throughout the pandemic resulted in the Company achieving its highest retailer satisfaction rating in a decade, with 75% of retailers either completely or very satisfied in 2021/22.

The Company completed its rollout into new retail distribution channels (Aldi and Iceland), and expanded the presence of National Lottery Scratchcards on grocery retailers' online platforms. It also partnered with crowdsourcing specialist Shepper to use pioneering artificial intelligence to gain real-time insight regarding point of sale compliance and Scratchcard availability, ensuring Camelot can provide additional support, where necessary, to retailers to help them maximise sales, while also improving overall efficiency. As a result of the ongoing disruption caused by the pandemic, the retail channel saw a decline year on year, with total in-store sales of £4,674.2m, (2021: £4,864.4m), a decline of 3.9%.

Business Review (continued)

The Company has continued to maintain player growth across its digital channels, through strong retention of players who migrated from retail as a result of Covid-19, alongside ongoing acquisition activity. The National Lottery now has its highest-ever active digital player base of 10.1 million players (2021: 9.7 million), with average weekly players growing by 6%. Despite strong player engagement, total digital sales have declined by £93m (2.7%) to £3,416.5m (2021: £3,509.5m), due to a reduction in player spend. Average weekly spend per player has declined by 7.1%, following greater competition for share of wallet after the lifting of Covid-19 restrictions, lower online play and spend limits, and increased economic uncertainty.

Playing on mobile continues to be the channel of choice for National Lottery players and saw sales of £2,449.4m (2021: £2,481.9m), with sales through the National Lottery's mobile app growing by 5.9% to a record-breaking £1,687.8m (2021: £1,594.3m). Underpinning the mobile app growth was the realisation of full-year sales benefits following the previous year's launch of personalisation and machine learning capability to serve more relevant games to players.

This year's sales results include the impact of the lifting of Covid-19 restrictions and a new period of uncertainty in the post-pandemic trading environment. This led to a more challenging year than expected with a number of factors outside of the Company's control, such as continuing consumer and economic uncertainty, and lower media purchasing power. The implementation of last year's age to play change, as well as new online play limits and wallet load limits, also had a sales impact. In the second half of the year, the Company started to see broader macroeconomic pressures impact performance, with both retail and digital channels being affected by changes in consumer confidence and shopping habits. However, Camelot remained resilient throughout the year and is now taking the opportunity to re-engage with players who stopped playing as a result of the pandemic.

On 15 March 2022, the Gambling Commission announced Allwyn Entertainment Ltd as the Preferred Applicant to operate the fourth National Lottery licence. In April 2022, in its capacity as an applicant for this fourth licence, Camelot launched a legal challenge to the Gambling Commission's decision. For more details, please refer to note 29 in the financial statements.

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 £30 million-plus 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 make "The National Lottery relevant and unmissable 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.

The Company continues 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 nears the end of the third licence, marketing is the primary lever by which it will continue to drive relevance of The National Lottery brand and portfolio to the people of the UK. In 2021/22, Camelot continued to deploy its brand-led marketing approach with its 'Your Numbers Make Amazing Happen' campaign, which highlights 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.

The highlight of 2021/22 was Camelot's marketing campaign to celebrate the significant role played by National Lottery players in supporting Team GB and ParalympicsGB athletes at Tokyo 2020. The Company's ability to link play and purpose with a campaign focused on Tokyo enabled The National Lottery's brand positivity metric to peak at its previous 2020/21 high for two consecutive periods in a row.

Strategic Report (continued)

Strategy and Outlook (continued)

To deliver its strategy, Camelot continues 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 £76.8m (2021: £59.2m). Further marketing spend by Camelot was £86.8m (2021: £104.7m). Marketing investment from Good Causes will continue to be sought for 2022/23 to maintain the long-term health of The National Lottery.

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

The Company maintained its longstanding focus on continuing to optimise its portfolio of games. Highlights included another year of consistent performance on the flagship game, Lotto, which maintained a strong base following successive growth in the previous two years. Part of Lotto's growth success was driven by the November 2020 game enhancement of an additional cash prize of £5 for players for matching two main numbers in a 'Must Be Won' Rolldown. The new mechanic continues to be well understood and appreciated by players.

EuroMillions continued to deliver record-breaking jackpots in line with changes made in the prior year with another 'highest-ever' jackpot in the year. However, there were fewer big roll series compared with the previous year. Set For Life, the most recent addition to the range of National Lottery draw-based games, also continues to grow, driven by its exciting top prize of £10,000 every month for 30 years. Sales of in-store Scratchcards and online Instant Win Games (IWGs) declined year on year despite a number of new and innovative game launches, as a result of trends in consumer purchasing behaviour post-Covid-19 lockdowns.

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 will continue as the Company seeks to build on the improvements in retail standards and engagement that it has seen in the past four years. A multi-faceted contact model providing high levels of support to National

Lottery retailers will continue to be used, and will see 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 continues to evolve, with shoppers choosing discounters and home delivery within their grocery journeys. Following expansion into Aldi and Iceland, the Company will continue to support changing customer trends, including driving awareness in discounters, at mainbank tills, at self-checkout terminals and across rapid delivery platforms.

d) Continuing to improve its digital services to give players an even better mobile app and online experience

Digital remains an important source of growth, and Camelot has invested in developing a strong mobile app platform, combined with enhancing and developing its marketing activities for mobile and online players. The Company will continue to build on the improvements it has made in the year to its customers' journeys and experience, and further enhance its customer relationship management programme and personalisation within the mobile app.

2. Putting Players at the Heart

Camelot's objectives of promoting healthy play and ensuring that The National Lottery is the safest place to play are critical to its overall business strategy. The Company maintains high standards of player protection and has a clear player protection strategy to prevent underage and excessive play. This year, the Company's activity has focused on:

- Following the government's decision in December 2020 to raise the minimum age to play National Lottery games from 16 to 18 by 1 October 2021, carrying out a major programme of work to implement all of the necessary changes across all of its channels as quickly as possible, while ensuring that it maintained the very high standards demanded of The National Lottery. As a result of the excellent progress made by its dedicated project team, the Company successfully implemented the change on 22 April 2021 – more than five months ahead of the change in legislation. The rollout was supported by Camelot's mystery shopper programme, 'Operation 18', to ensure retailer compliance. Training and support for retailers on the age to play will remain a priority next year.

Strategy and Outlook (continued)

2. Putting Players at the Heart (continued)

- Introducing new lower digital wallet load and IWG play limits for at-risk players, which mean that these players can now only deposit up to £100 a week and play a maximum of 25 IWGs a day. These limits are by far the lowest in the UK gambling industry and contribute to an enhanced set of measures to protect at-risk players.
- Refreshing its escalating interventions for at-risk players, including the introduction of differentiated interventions for younger players, those previously at risk and those who are newer to playing games online. The time period over which these interventions escalate has also been shortened, meaning that players who are continuously at risk will be excluded from playing IWGs sooner than they were previously. The updated set of interventions will be evaluated for their effectiveness in the coming year, the outcome of which will support further development of the interventions programme. This will ensure that Camelot continues to evolve its approach to promoting healthy play, particularly amongst players demonstrating risky play behaviours.
- Significantly improving retailers' healthy play capability by piloting and rolling out its healthy play mystery shopper programme. This sees a mystery shopper visiting a store and expressing concern over their play behaviour, with the retailer expected to provide support to the player, at the very least in the form of a printed handout. Following the successful pilot, the programme will now be fully implemented. In addition, the Company carried out healthy play knowledge checks with retailers throughout the year, an initiative which saw retailers achieve a 93% pass rate and which will also carry on in the coming year.

The Company believes that this approach is having a positive impact on its players. The number and proportion of at-risk players playing via online channels are at their lowest levels since the introduction of Camelot's behavioural analytics model – Mercury – in December 2019, and retailers have achieved a high percentage pass rate on excessive play knowledge checks (84% in quarter 4). The Company's player communications have driven an increase in traffic to the National Lottery's healthy play webpage – aided by the introduction of a new 'Healthy Play' tab at the top of the

navigation bar on the National Lottery homepage, meaning that players are able to find information and support if they need it.

The Company believes that this approach aligns with the perspective of the Gambling Commission, the National Strategy to Reduce Gambling Harms, and differentiates Camelot and The National Lottery from other operators.

3. Operating with the Highest Integrity

Maintaining high levels of trust in the operational integrity of The National Lottery requires continuous improvement and investment – both of which have played a core role in everything that the Company has delivered during the year. Camelot's overall aim is to continue to assure and improve the operational integrity of the business, and reduce both risk exposure and the likelihood and impact of incidents. To achieve this, there are four requirements:

- 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 reach the end of their lives to ensure that the Company's technology operation remains fit for purpose;
- ongoing improvement in the maturity of operational processes and the control environment (the Controls Improvement Programme), with the continued automation of certain key processes and investment in data management; and
- embedding operational integrity into all operational aspects of Camelot's work.

Key Performance Indicators (KPIs)

The Company's primary financial KPIs are gross ticket sales, returns to Good Causes, net income, profit after tax and cash flows from operating activities. In addition, Camelot is required to maintain and report on specific non-financial KPIs assessing standards of performance on player accessibility, including terminal sales availability and the service provided to players. Failure to meet these specific non-financial targets can result in a breach of the operating licence. All of these KPIs are monitored on a regular basis by the Executive Team and Board. In addition, they are submitted to the Gambling Commission as required. Further information on these KPIs can be found in the Financial Performance section on the following pages.

Strategic Report (continued)

Financial Performance

Gross Ticket Sales

Gross ticket sales for the year ended 31 March 2022 were £8,090.7m (2021: £8,373.9m).

Within this amount, sales for draw-based games totalled £4,647.5m (2021: £4,690.7m), a decrease of 0.9%. Underlying draw-based game performance was stable, when considering lockdown restrictions easing meant players had a lot more choice of where to spend their money in comparison with the prior year and adjusting for the impact of new healthy play measures, noted earlier, which were implemented during the year.

Sales of Instants games (Scratchcards and online IWGs) continued to be impacted by broader macroeconomic pressures and the lifting of Covid restrictions, in addition to the impact of the new healthy play measures introduced in the year. Sales were 6.5% lower than the prior year at £3,443.2m (2021: £3,683.2m). Scratchcard performance was strong entering the year but, as Covid restrictions were lifted, increased mobility had an adverse impact on Scratchcard sales. The majority of the prior year's growth in IWGs was maintained through the continued development of the National Lottery's mobile app offering and improvements to the range of games. However, the introduction of new healthy play measures in the year had a significant impact on this category.

Sales in retail continue to be impacted post-Covid-19 where changes in player behaviour look to be longer term. For the same reasons, underlying digital sales grew this year and, as a result, increased as a proportion of overall sales, in line with Camelot's strategy, accounting for 42.2% of all sales (2021: 41.9%) – and continue to be strong across all digital channels. Camelot operates the world's largest digital lottery in terms of revenue and, with 10.1 million active registered players, national-lottery.co.uk is one of the leading e-commerce sites in the UK.

Lottery Duty

Lottery Duty has remained at 12% of sales, and totalled £970.9m for the year (2021: £1,004.9m).

Prizes

Total prizes were £4,612.3m in 2022 (2021: £4,854.7). This represents 57.0% of sales (2021: 58.0%), with the sales mix moving towards draw-based games which have a lower prize payout than Instants.

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

Camelot continues to make every effort to locate the winners of unclaimed draw-based game prizes worth £50,000 or more, either via local or national publicity. Unclaimed prizes, which are paid to the NLDF, for the financial year amounted to 1.4% (2021: 1.2%) of sales and totalled £111.0m (2021: £100.1m), with the year-on-year increase predominantly driven by higher unclaimed prizes on Scratchcards.

National Lottery Distribution Fund (NLDF)

The NLDF is the central fund from which the National Lottery distribution bodies draw funds for distribution to Good Causes. In aggregate, the total raised for Good Causes amounted to £1,911.8m, representing 23.6% of sales (2021: £1,887.5m; 22.5%) for the year.

This included £1,800.8m (2021: £1,786.8m) in returns from ticket sales and other payments due from relevant income, as specified in the operating licence, and a further £111.0m (2021: £100.1m) in unclaimed prizes. This amount has been reduced by £76.8m (2021: £59.2m), which has been 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 will result in a change in the percentage of sales that is returned to Good Causes.

Camelot is 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 £11.1m (2021: £8.8m), an increase of 26.1%. This is based on an 'adjusted profits' calculation as defined under the third licence.

Financial Performance (continued)

Net Income

Net Income for the year was £706.7m, down 2.9% on the prior year (2021: £727.5m), driven by this year's sales performance.

Retailers' and Other Commission

Total sales, validation and other commissions for the year totalled £276.5m, representing 3.4% of total sales (2021: £285.0m; 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 is 6% and, for draw-based game sales, 5%. 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 is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment, the quantum of which is subject to meeting contractual commitments.

Gaming Systems and Data Communication Costs

Gaming systems and data communication costs increased to £127.1m for the year (2021: £125.6m). These costs include 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 £218.1m (2021: £228.8m), and consisted of advertising and marketing expenditure, depreciation, impairment, staff, facilities and all other administrative costs. The decrease was driven primarily by reductions in marketing spend in the year, offset by increased fourth licence bid and staffing costs, which resulted in operating profit of £91.3m, a reduction of £3.6m compared with the prior year.

Finance Income and Costs

Net finance income during the year amounted to £1.1m (2021: £0.3m). Finance income remained materially unchanged at £3.3m in the year (2021: £3.4m), and primarily consists of interest receivable from Premier Lotteries UK Limited on a £26.0m loan (2021: £26.0m). The finance costs of £2.2m decreased from the prior year (2021: £3.1m) due primarily to a reduction in interest costs on leases.

The average yield on investment was approximately 0.04% (2021: 0.08%). Strict controls apply to treasury operations, which are reviewed regularly. The Company's treasury policy is approved by Camelot's Audit, Risk and Security Committee, and the Board. Funds are only deposited with banks which hold an investment grade credit rating by S&P, Moody's or Fitch, and which meet the Company's treasury policy criteria.

Profit

The Company's profit before income tax was £92.4m (2021: £95.2m). Profit after taxation for the financial year was £81.6m, 1.01% of gross ticket sales (2021: £78.1m).

Taxation

The corporation tax charge of £10.8m for the year (2021: £17.1m) represents an effective tax rate of 19.0% (2021: 18.0%). Further detail is provided in note 7 to the financial statements.

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 £48.1m (2021: £48.3m).

Dividends

The Company's profit for the financial year was £81.6m (2021: £78.1m), as disclosed on the Statement of Comprehensive Income on page 254. As detailed in note 8, total dividends paid in the year under review were £81.6m (2021: £47.4m), all of which was paid to the Company's parent company, Premier Lotteries UK Limited (PLUK), during the year and £7,000 to Fourmorum Corporation (2021: £7,000).

Financial Position at the Year End

The Balance Sheet reflects the continuing financial stability of the business. Total equity was £78.0m as at 31 March 2022 (2021: £78.0m).

The value of property, plant and equipment, right-of-use assets and intangible assets has decreased to £60.3m in the current year (2021: £82.8m). The decrease is due to the amortisation and depreciation of assets as the business approaches the end of the current licence when all of these asset classes will have a net book value of £nil.

Current trade and other receivables have decreased to £513.3m from £574.2m in 2021, mainly due to the utilisation of promotional prize funds and reduced levels of prizes won but not yet claimed.

Strategic Report (continued)

Financial Performance (continued)

The cash and cash equivalents balance decreased to £173.3m (2021: £185.2m) as a function of working capital cash flows.

Non-current financial liabilities and borrowings have decreased to £9.9m (2021: £10.5m), representing a reduction in lease liabilities. This is due to the net of a reduction in those lease liabilities brought onto the balance sheet when implementing IFRS 16 and an increase in the current year as a result of the extension of the third licence.

Current financial liabilities and borrowings have decreased to £10.6m (2021: £11.3m). This balance represents the current portion of lease liabilities.

Current trade and other payables have decreased to £669.5m from £762.0m in 2021, due to a decrease in prize payment liability driven by the timing of prize claims and utilisation of promotional prize funds.

Total provisions have remained broadly consistent at £23.1m, from £24.4m in 2021.

Investment in Technology

During the current year, Camelot has maintained the infrastructure to run The National Lottery and, at the end of the financial year, 44,564 lottery terminals were in operation across its retail footprint (2021: 44,863).

As the Company approaches the end of the third licence, it is 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.

Terminal sales availability, a key performance indicator monitored monthly by the Gambling Commission, was 99.96% (2021: 99.97%), ahead of the operating licence target of 99.50%. In addition, system availability for playing games on the internet was 100.00% (2021: 99.77%), ahead of the operating licence target of 99.50%.

Cash Flows, Cash and Debt

Net cash generated from operations was £109.0m (2021: £137.3m). The decrease was due predominantly to a lower cash impact from movements in working capital than in the prior year, primarily due to the day of the week that the financial year end falls on (affects Trade Receivables) and level of marketing spend in the

final month of the year. Cash outflows primarily include dividend payments of £81.6m (2021: £47.4m), net taxation-related payments of £16.4m (2021: £22.7m) (including an element for group relief), £12.7m (2021: £16.2m) of investment in property, plant and equipment and intangible assets, and principal lease payments of £11.3m (2021: £12.5m). The closing cash balance was £173.3m (2021: £185.2m).

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

In order to protect prize-winners and players, Camelot has set up certain trust accounts operated by The Law Debenture Trust Corporation plc, 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 trustees until this time. Interest earned on these accounts, after accounting for trust expenses, is for the benefit of the NLDF.

At 31 March 2022, Camelot had on deposit £4.8m (2021: £10.8m) of funds in a restricted cash trust account as a reserve related to insurance arrangements under the EuroMillions Community agreements, the quantum of which was decreased during the year. Camelot holds a Surety Bond with HCC International Insurance Company PLC to the value of £21.0m (2021: £21.0m). The provisions for Camelot to be able to satisfy its security for players' funds obligations under the licence, by way of a Surety Bond, are set out in Condition 19.3 of the licence.

The Company maintains a £55.0m committed Revolving Credit Facility, which was extended in March 2021, and subsequently in March 2022, and runs until 30 April 2023. The amount drawn down under this facility at 31 March 2022 was Enil (2021: Enil).

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 2022 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.

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

Ontario Teachers' Pension Plan (OTPP) is Camelot's sole beneficial shareholder.

During 2021/22 (as in previous years), the Directors included among their number senior representatives of OTPP, others of whose staff also attended all 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 its shareholder, which itself fully endorses and supports 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 Chairman, the Executive Directors and other members of the senior management team also continued throughout 2021/22 to have regular discussions with OTPP's staff on a variety of matters relating to Camelot's business outside the scope of formal Board activity.

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

OTPP and the Directors take the view that Camelot should ensure as far as possible that The National Lottery will be best placed to continue to flourish after the expiry of Camelot's third licence to operate The National Lottery. However, during 2021/22, 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 remaining period of Camelot's current licence, particularly given the Gambling Commission's announcement of Preferred Applicant for the fourth National Lottery licence on 15 March 2022. That context is reflected in the Directors' going concern and viability statements on pages 227 to 229 of this Annual Report and Accounts.

Under the governance arrangements approved by OTPP 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 require 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 require the approval of the Board. Any such additional approvals during the year are supported by information and advice prepared for the Directors' consideration by Camelot's senior management, including as to how the relevant initiative will contribute to Camelot's strategy and business plans.

The Annual Budget and associated Annual Business Plan for 2021/22 (developed from the Two-Year Business Plan for 2019/20 and 2020/21, and following the same mission and strategy) were prepared by senior management and considered by the Board on an iterative basis at its meetings in December 2020 and February 2021. The plan was finally considered and approved by the Board at its meeting in March 2021.

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)

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

Similar to previous years, the Directors were then able to monitor Camelot's performance against the 2021/22 Annual Budget and Annual Business Plan regularly throughout 2021/22. 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 OTPP's staff) of Camelot's performance against defined key milestones and performance indicators, and by a more detailed business update (which includes significant findings of post-implementation reviews of key initiatives) presented by the senior management team for scrutiny at each meeting of the Board throughout 2021/22.

Taken together, these governance arrangements enable the Directors to assess on a continuing basis the extent to which the consequences of any particular decision are consistent with what was expected at the time it was taken, and, accordingly, whether it is appropriate to consider any corrective or alternative action (including all of the business initiatives referred to in the Chairman's Statement and Chief Executive Officer's Review on pages 30 to 35 and 36 to 47 respectively).

b) The Interests of Camelot's Employees

Creating and delivering a people experience which enables high performance was a pillar of the 2021/22 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").

Camelot followed government guidance throughout the pandemic, with the majority of staff working remotely for the whole of 2020/21 and the first half of 2021/22, with hybrid working in place for the rest of the year. The Company has carried out regular surveys with staff to collect their views and insights on engagement, and also on working arrangements.

Performance against key performance indicators relating to that part of the 2021/22 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. The business update to the Board also included more detailed information on staff-related activities through the year, including engagement survey results (which, during the year, grew from 90% to 91%), initiatives focusing on leadership and learning, all-staff update meetings, talent reviews and succession planning.

In addition, the 2021/22 annual bonus scheme for all staff was reviewed, approved and monitored throughout the year by the Board's Remuneration Committee. Following the announcement by the Gambling Commission on 15 March 2022 that Allwyn Entertainment Ltd is the Preferred Applicant to operate the fourth licence, the Remuneration Committee has met to discuss retention planning.

Succession planning of Camelot's senior Leadership Team continued to be a standing agenda item at each meeting of the Nominations Committee of the Board during 2021/22, which are also attended by Camelot's People Director. Other matters considered by the Committee during the year included Camelot's Board and Company policies on diversity and inclusion.

Further information on activity relating to Camelot's employees during 2021/22 is included in "Our People" on pages 184 to 209.

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, were at the heart of its 2021/22 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 throughout the year. The business update to the Board also included more detailed information on those activities throughout the year.

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)

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

The key risks (and mitigations) identified by Camelot with respect to these business relationships include decline in player engagement, management of key supplier and partnership relationships, effectiveness of the control environment, disenfranchisement of National Lottery retailers, damage to the regulatory environment, failure to manage the risk of unauthorised access to systems or data, cyber attack, risk within the digital channel and failure to protect players.

The Audit, Risk and Security Committee 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 212 to 225.

Throughout 2021/22, each of the independent Non-Executive Directors continued to have responsibility for oversight of particular aspects of Camelot's activities and reflecting any issues at Board level – all of which, to a greater or lesser extent, included oversight of Camelot's relationships with suppliers, customers and other stakeholders:

Sir Hugh Robertson – external relations

Jane Rowe – relations with OTPP

Robert Walker – operations (including retail operations)

Rob Rowley – finance, risk and audit operations

Gill Whitehead – digital and technology

Jennelle Tilling – marketing and engagement with Camelot's workforce, and healthy play

During 2021/22, because of the Covid-19 pandemic, the Board was unable to continue to hold some of its meetings in National Lottery-funded venues across the UK. The Board intends to resume this activity at the earliest opportunity.

Further information on Camelot's business relationships with suppliers, players and others is included in "Doing Business Responsibly" on pages 148 to 183.

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

Operating with integrity underpins all activity undertaken by the Directors. This means meeting Camelot's objective of maximising returns to Good Causes through selling National Lottery products both efficiently and in a socially responsible way. Camelot remains focused on 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.

The Board duly considered and approved the Annual Business Plan for 2021/22, 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" (pages 219 to 220).

At an operational level, during 2021/22, corporate responsibility continued to lie at the heart of everything Camelot did – 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 worked to reduce its impact on the environment. Any significant issues or developments were included in reporting to the Board during the year in accordance with the governance arrangements referred to above.

Further information on Camelot's work relating to its local communities and the environment is included in "Doing Business Responsibly" on pages 148 to 183.

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 maintains an excellent reputation for how it operates continued as some of the pillars of the 2021/22 Annual Business Plan. Performance against key performance indicators relating to specific initiatives, 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. The business update to the Board also included more detailed information on those matters throughout the year.

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)

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

More broadly, led by the Board, Camelot has 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, Business Assurance (which includes Internal Audit), Finance, Legal (which includes 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 Audit, Risk and Security Committee.

Further information on Camelot's work in contributing to maintaining its reputation for high standards of business conduct is included in "Doing Business Responsibly" on pages 148 to 183.

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

OTPP is Camelot's sole beneficial shareholder and, therefore, the Directors were not required to have regard to this particular matter during 2021/22.

Risks, Uncertainties and Opportunities

The third operating licence provides Camelot with significant opportunities, as well as some significant risks and uncertainties, and these are 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 Audit, Risk and Security Committee (ARSC) and Board conducted reviews of Camelot's principal risks. Throughout the year, the Board of Directors continued to assess the risk

definitions with regard to the uncertainty brought in the run-up to, and subsequently following, the announcement by the Gambling Commission of Allwyn Entertainment Ltd as its Preferred Applicant for the fourth licence and during the period of the legal challenge which has followed. As relevant, the principal risks below reflect the impact of this uncertainty.

Fourth Licence Transition

The end of the third licence represents increased risk to the long-term future of the Company. This is discussed in the Viability Assessment in the Directors' Report on pages 228 to 229. 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.

Coronavirus (Covid-19)

The ongoing impact of Covid-19 continued to have a significant impact throughout the year on a number of the Company's principal risks and activities, and this was regularly monitored by the Board.

Mitigation and Controls

Camelot adopts 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 include 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 against risk definitions are supported through a suite of risk metrics.

The Company identifies its key principal risks and mitigations as follows:

Operational Controls

Camelot fails to prevent player-impacting failures occurring due to lack of/ineffective controls across disparate IT systems and manual processes; ineffective controls across player-facing processes; or insufficient operational resilience and Business Continuity Plans (BCPs), including operating under high sales volumes.

These failures could lead to a poor player experience, reduced revenues and potential licence breaches.

Risks, Uncertainties and Opportunities (continued)

Operational Controls (continued)

During the pandemic, the Company saw its BCPs work effectively across its teams, and it continued to operate effectively as teams started to return to the office under hybrid working arrangements. Camelot's BCPs are created, assessed and maintained to ensure minimal business disruptions, and it maintains accreditation of ISO 22301: Business Continuity Management System.

The Company invested in ongoing improvement in the maturity of its operational processes and control environment, with the continued automation of certain key processes and the embedding of operational integrity into all operational aspects of Camelot's work.

People

Increasing uncertainty, both during the remainder of the current licence period and beyond, could result in an increased risk of unwanted attrition, greater difficulty in recruiting key roles, and a negative impact on engagement levels.

During lockdown, the Company provided flexible working arrangements and wellbeing support to all employees to ensure that they could achieve an appropriate work/life balance. Following a return to the office, Camelot has adopted a hybrid approach to enable individuals, teams and the organisation as a whole to continue to benefit from a more flexible way of working. Camelot has continued to adapt its cadence of communication across all teams to ensure employees remained engaged and informed throughout the pandemic and through periods of uncertainty with respect to the fourth licence competition.

The Company maintains an organisational health dashboard which tracks and monitors attrition, absences, levels of engagement etc. In addition, succession and retention plans for key roles across the business are subject to regular review at Operational and Executive level.

Camelot's ongoing programme of pulse and annual engagement surveys enables it to regularly measure engagement levels across the Company and to implement appropriate actions in a timely manner. Best Companies awarded Camelot a '3 Star' accreditation (the highest standard achievable), which reflects 'extraordinary' levels of workplace engagement – placing the Company 10th in the Best 100 Large Companies in the UK rankings for 2021.

Player Engagement

The relevance of The National Lottery remains critical to the success of the business, and failure to ensure that games remain relevant and that players remain engaged could lead to a decline in sales and returns to Good Causes.

As mentioned earlier in the Strategic Report, the Company has addressed this risk by ensuring that The National Lottery's brand and portfolio of games continues to remain relevant to a wider player base through marketing communications, channel initiatives, game propositions and events. The Company adapts its marketing and communication plans which help to ensure that The National Lottery remains relevant to players with a focus on the impact of Good Causes on society.

The macroeconomic environment remains uncertain, with consumers remaining pessimistic about their financial situation as the economic backdrop becomes more challenging. Growing pressure on disposable income is making consumers more value-led and spend-conscious. As a result, keeping The National Lottery top of mind becomes more challenging.

Retailer Environment

As retail remains a critical channel, failure to maintain standards, advocacy and support for The National Lottery across the retailer estate could lead to poor in-store execution, lack of confidence and poor support for The National Lottery brand. Camelot also needs to be agile, mindful and able to react to the macroeconomic environment and resulting cost pressures on retailers.

The Field Sales Team returned to field duties and focused on executing the change to age to play that took effect from 22 April 2021. This activity was delivered on time and in full, with the ongoing education of retailers being a core focus in the run-up to the legislation coming into force on 1 October 2021.

The rollout of National Lottery games across both Aldi's and Iceland's estates was completed in the first half of the year. The Company also achieved a net retailer satisfaction score of 75% in 2021/22, rising to 78% in the last quarter of the year – the highest level achieved since 2012.

Strategic Report (continued)

Risks, Uncertainties and Opportunities (continued)

Digital Channels

The failure to maintain a fit-for-purpose digital platform could lead to poor customer engagement and loss of sales. In addition, strong commercial performance achieved through the delivery of its digital strategy may not be maintained, which could lead to reduced customer satisfaction, and lost sales and returns to Good Causes.

The Company closely monitors 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. For example, email personalisation has enabled new onboarding and lapsing programmes to improve overall player satisfaction and retention rates.

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 to maintain robust and effective working relationships with key suppliers/partners.

The Company maintains ongoing working relationships with key suppliers and partners, and conducts regular reviews to assess operational performance and resilience. Its key suppliers have continued to operate through the pandemic.

Camelot has also been able to extend key supplier and partner arrangements following on from the extension of the third licence during 2021/22. Through its designated Relationship Managers, Camelot continues to monitor and regularly engage with key suppliers to assess the adequacy of their Business Continuity Plans (BCPs).

Camelot's BCPs are created, assessed and maintained to ensure minimal business disruptions, and it maintains accreditation of ISO 22301: Business Continuity Management System.

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 is impacted by the Gambling Commission's low-risk appetite and approach to marketing and other approvals, and the impact of the recent enforcement case and Camelot's legal challenge to the fourth licence competition decision on the working relationship with the Commission.

The Company has a high-integrity culture and has identified accountable people against each of its licence requirements, and reviews and updates this on a regular basis. Licence compliance is also embedded in Company processes and procedures. Business control functions – such as the Regulatory Affairs, Business Assurance, Procurement and Process Governance Teams – monitor compliance through their activities.

The Company maintains regular senior management meetings between Camelot and the Gambling Commission, along with regular engagement with key business control functions, such as Regulatory Affairs and Business Assurance. The Company also proactively shares performance data, as well as strategic plans and proposals requiring approval, so that it is able to work effectively with the Gambling Commission and be held to account.

Management of Healthy Play

Camelot neither adopts an appropriate healthy play strategy nor has suitable operational activities or metrics to protect players and provide early warnings of at-risk and problem play.

The Company is a socially responsible organisation, maintaining high standards of player protection, and has a clear player protection strategy to prevent underage and excessive play.

'Operation 18' (previously 'Operation Child') mystery shopping activity restarted this year, with the first visit pass rate on target at 90%. Other retailer education and compliance activity has further mitigated the overall risk.

Following the announcement that the minimum age for playing The National Lottery would be raised from 16 to 18 from 1 October 2021, the Company has carried out a significant amount of work to implement the necessary changes in both its retail and digital channels. The change in age to play was implemented and came into effect, ahead of schedule, on 22 April 2021.

Risks, Uncertainties and Opportunities (continued)

The Company has also invested in the ongoing development of its digital behavioural analytics and associated interventions, resulting in a continued decrease in the proportion of the relevant digital player base identified as at risk to end the year at the lowest level since the programme was launched in December 2019.

In addition, the Company has achieved the World Lottery Association's Responsible Gaming Certification at Level 4 – the highest available – and the European Lotteries' Responsible Gaming Certification for the fifth consecutive time. This means that The National Lottery has been certified in alignment to international best practice standards for 12 years – one of only six lottery operators worldwide to have achieved this.

Technology/Systems

As Camelot moves towards the end of the current licence period, there is a risk associated with a number of systems which are nearing the end of life. Additionally, there is a risk to the information systems estate that, should the current licence period be extended, systems may no longer be fit for purpose and could lead to a failure to execute and deliver an effective technical solution.

The Company regularly evaluates the adequacy of its infrastructure and IT security controls, tests its contingency and recovery processes, and undertakes employee awareness and training. Controls testing and security patching around core systems is also performed regularly.

Licence Condition 5.9 requires Camelot to maintain all licensee assets to ensure that they are adequately supported and have a life expectancy of two years from the end of the third licence. The Company maintains a secure, fit-for-purpose technology solution to enable employees to work at their best. In continuing to provide operational integrity towards the end of the licence, the ongoing management of end-of-life technology is essential, particularly components for the key gaming and corporate systems.

InfoSec/Cyber

Unauthorised access to Camelot's systems or data, from either an external or internal source, could result 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.

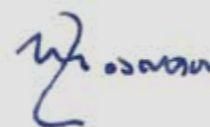
This could lead to reputational and/or commercial damage, and potential regulatory penalties.

The Company enhanced its monitoring of its technology estate to mitigate the increased threat posed by hackers trying to exploit greater numbers of workers accessing their corporate networks remotely and much greater levels of digital commerce that have resulted from the Covid-19 pandemic.

The Company complies with the ISO 27001 Information Security Standard and World Lottery Association Standards. Similar to other organisations, it continuously monitors the cyber landscape, and assesses and deals with emerging threats. It continues 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 has continued this year, building further on the focus in this area.

The Strategic Report was approved by the Board of Directors on 23 June 2022 and was signed on its behalf by:



Sir Hugh Robertson KCMG PC DL
Chairman

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 2022.

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

Principal Activities

The principal activity of the Company is the operation of The National Lottery in a socially responsible manner for the benefit of a number of good cause areas: arts, education, environment, health, heritage, sport and community/charity (the 'Good Causes'). The establishment of The National Lottery was enabled by the passing of The National Lottery etc. Act 1993 (as amended). Camelot operates The National Lottery pursuant to an operating licence granted by its regulator, the Gambling Commission.

The third operating licence was granted on 1 February 2009 to run until 31 January 2019, with a possible extension for a period of up to five years. In the 2011/12 financial year, the National Lottery Commission (subsequently merged with the Gambling Commission) granted an extended licence through to 31 January 2023, a four-year extension. This had an impact on intangible assets and property, plant and equipment, as economic lives have been lengthened where they previously ran to the end of the original third operating licence on 31 January 2019.

In May 2020, the Gambling Commission formally notified the Company of an extension of the licence by an additional six months until 31 July 2023. In December 2021, the Gambling Commission formally extended the licence by an additional six months until 31 January 2024.

The Company expects to pursue this principal activity until the end of the current third licence. On 15 March 2022, the Gambling Commission announced Allwyn Entertainment Ltd as the Preferred Applicant to operate the fourth National Lottery licence. In April 2022, in its capacity as an applicant for this fourth licence, Camelot launched a legal challenge requesting independent scrutiny of the process, the outcome of which is unknown as at the date of this Annual Report and Accounts.

The Company's performance and outlook are discussed in the Strategic Report set out on pages 212 to 225 as permitted under s414C(11).

Shareholdings

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

	Number of 'A' shares	Number of 'C' preference shares	Total % holding of shares
Premier Lotteries UK Limited	1,000	3	99.3%
Fourmoront Corporation	-	7	0.7%

Further details of the rights and obligations of each class of share are given in note 21 to the financial statements.

The Company's ultimate shareholder is Ontario Teachers' Pension Plan Board (Teachers').

Directors

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

Chairman

Sir Hugh Robertson KCMG PC DL

Executive Directors

Nigel Railton

Clare Swindell

Independent Non-Executive Directors

Robert Walker

Rob Rowley

Jennelle Tilling

Gill Whitehead (resigned 21 April 2022)

David Kelly (appointed 10 May 2022)

Non-Executive Directors

Jane Rowe

Nick Jansa (appointed 6 May 2021)

Alternate Directors

Ilya Kachko (alternate to Jane Rowe)

Stefano Santarelli (alternate to Jane Rowe)

(resigned 30 April 2021)

Company Secretary

John Dillon

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

Management has prepared detailed budgets and cash flow forecasts which support the appropriateness of the going concern assumption. These budgets and cash flow forecasts have been evaluated and reviewed in significant detail.

The wider macroeconomic climate post-Covid-19 lockdowns continues to result in an increase to the credit and financial liquidity risk of the Company. Management has assessed the controls in place to minimise Camelot's exposure to this increased level of risk, which are set out in note 16, and considers them to be effective. This view has been supported by stress testing as described on the next page.

Therefore, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date that the financial statements are signed.

For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

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 over the next two years. Following the formal extensions of the third licence during the year, the Company's current licence to operate The National Lottery expires on 31 January 2024. The two-year assessment period covers until 31 March 2024, which includes the finalisation and settlement of cash flows relating to the end of the third licence and accounting for the various (albeit limited) obligations following expiry of the licence.

On 15 March 2022, the Gambling Commission announced Allwyn Entertainment Ltd as the Preferred Applicant for the fourth licence and Camelot as the Reserve Applicant. This decision is subject to an ongoing legal challenge. In the absence of any further communication from the Gambling Commission and any court decision, a period of assessment of two years is considered by the Directors to be appropriate.

There is inherent uncertainty in planning for the next two years, given the difficult macroeconomic environment and its impact on the Company's performance, together with the ambiguity in planning for a period of transition related to the fourth licence. However, due to the strong foundations that the Company, under its current Executive Team, has put in place over the last five years across The National Lottery's games, channels and brand – combined with its ability to adapt quickly – the Company's business model has proved to be strong and resilient. The forecasts reflect a resilient sales performance in line with underlying marketing support. Company profits and cash flows are forecast to be generated in line with sales performance.

The Annual Business Plan and Annual Budget for 2022/23 were approved by the Board in April 2022, and have been extrapolated for the final 10 months of the licence to reflect an end-of-licence scenario and to include all cash flows relating to third licence commitments following the licence expiry.

The Company is operating comfortably within the loan covenants of interest cover and gearing ratios, and the Directors consider that this will continue over the term of the loans.

The Company maintains a £55.0m committed Revolving Credit Facility (RCF), which was extended in March 2021, and subsequently in March 2022, and runs until 30 April 2023. The amount drawn down under this facility at 31 March 2022 was £nil (2021: £nil). Cash flow projections reflect that this facility will not be required over the next two years and it serves only as an additional safeguard, in particular helping to ensure that the Company maintains the minimum headroom required by the third licence. After 30 April 2023, there will be sufficient cash headroom and this safeguard is not expected to be required.

A number of sensitivities were run to stress test the two-year cash flow forecasts and, even in downside scenarios, the Company remains comfortably within its loan covenants, with sufficient liquidity to meet its liabilities as they fall due and the licence requirements for cash and/or facility headroom. The Company's covenants are based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) pre-IFRS 16, which would have to fall by over 60% (a decrease in sales of over £7bn) from their current level across the remainder of the licence for the Company to have liquidity issues and covenants to be breached. This is considered highly unlikely. The two-year forecast also shows only insignificant net interest charges and, therefore, interest cover is not expected to breach the covenant of 2.0.

The Board confirms that it carries out a robust assessment of the principal risks and uncertainties facing the Company, including those that could threaten its business model, future performance, solvency and liquidity.

The Board also monitors the Company's risk management and internal control systems. The assessment and monitoring is carried out on a rolling basis, with senior management reviewing and updating the Company's principal risk register quarterly, which is then reviewed by the Audit, Risk and Security Committee at every meeting (the 'Committee'). The Committee is also informed of, and considers, all material risks and internal control systems issues (including, for example, any significant control failings).

Viability Assessment (continued)

Among the identified key risks are player engagement, key supplier/partnership relationships, regulatory environment, player protection, people, retailer environment, technology/systems, InfoSec/cyber and digital channels. These key risks are all impacted by the risks associated with a transition to the fourth licence, whoever the incoming licensee may be. During the year, the Board reviewed management's detailed assessment of transition risks, and monitored the preparation and related activities within Camelot to meet outgoing licensee responsibilities under transition.

The Company continues to invest heavily in safeguarding IT infrastructure, with the security of player information and funds being a key priority. The Chairman of the Committee reports the proceedings of the Committee to the full Board, and copies of minutes of the Committee are distributed to all members of the Board who are not Committee members. Revocation of the Company's licence to operate The National Lottery would clearly be catastrophic and the Company is very clearly focused on mitigating the risks of committing any licence breach which could form the basis of such revocation.

Taking into account the Company's performance, the existence of the Company's licence to operate The National Lottery until 31 January 2024, the existence of the business strategy, and the principal risks and uncertainties facing the Company, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the two-year period ending 31 March 2024 to cover the complete period of the third licence to run The National Lottery, including obligations in a post-expiry period.

Corporate Governance

The Report on Corporate Governance is set out on pages 234 to 245.

Streamlined Energy and Carbon Reporting

The Company's streamlined energy and carbon reporting is set out in the "Environmental Impact" section on pages 178 to 181, 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 has continued to spend on research during the year. The Company's spend totalled £4.4m in 2022 (2021: £4.4m), primarily in the area of brand and market research.

Employees

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

A key focus over the last year has been to encourage an inclusive working culture which values difference, and enables people to be themselves, participate fully and meet their full potential.

Full and fair consideration is given to the employment of all individuals and reasonable adjustments are made to accommodate the disabilities of Camelot employees, whether those disabilities arose before or during their employment with the Company.

The Company's Employee Forum is sponsored by a member of the Executive Team and extends across all employees in Camelot UK Lotteries Limited. It continues to be consulted on all significant policy proposals and initiatives affecting employees and, in turn, gathers group-wide reactions to such proposals, as well as giving regular feedback on other employee matters.

The Company believes that delivering consumer and player satisfaction is key to its success, and strives to reward the contribution made by motivated and high-performing staff. The main reward mechanism for doing this is via a performance-related annual bonus scheme.

For 2021/22, bonuses will be paid on three key performance criteria – sales, returns to Good Causes and profitability, each underpinned by operational integrity – with a fourth element awarded based on performance against objectives for senior management. When reflecting on-target performance, these bonuses start from 5% of base salary, increasing for senior management.

Directors' Report (continued)

Employees (continued)

In addition, an additional bonus scheme was established in 2020/21 to support retention during a time of uncertainty.

Employees pay contributions into the Company Personal Pension Plan, a defined contribution scheme. In line with UK legislation, the Company auto-enrols employees into the pension scheme. The first payroll deductions for automatically-enrolled employees were made in January 2014.

Employee Engagement

Camelot has 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 site and regular engagement surveys. Some of these channels were adjusted to be hybrid during the pandemic and proved to be equally effective. These channels are also the medium through which the Company communicates economic and financial factors which impact its performance. The Company has achieved upper quartile engagement scores in its surveys throughout the year.

During 2021/22, Camelot continued to:

- provide employees systematically with information on matters of concern to them, such as trading updates, commercial strategy and progress updates, as well as inviting representatives from organisations which have received National Lottery funding to share their stories to ensure employees are connected to the Company's purpose. There continues to be a regular cycle of Company-wide communication through 'All Together' briefings, 'Leadership Team briefings', the intranet and monthly leadership newsletters for cascade;
- consult employees as a whole and via the Employee Forum on a bi-monthly (and then bi-weekly) basis so that their views can be taken into account in making decisions which are 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 quarterly performance conversations take place with individuals, and regular briefings are given 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; and
- 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 Leadership Team monthly cascades, as well as local team cascades.

The Chairman is actively involved in the Company's engagement activity and, during the year, took part in the 'All Together' briefings on a quarterly basis, as well as attending 'Leadership Updates', either in person or via pre-recorded videos. For example, he shared a video – "Just one day left until the Olympics" – before leaving for Tokyo in June 2021 and launched 'Be your Best' (learning and development) month in January 2022.

In addition, the CEO continues to lead quarterly 'All Together' sessions, keeping the whole Company informed about business performance.

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

Business Relationships

In performing its duties, the Board gives due consideration to its key stakeholder groups as it ensures that the activities of the Company align with its strategic plan, as well as the Company's cultures and values.

In assessing its activities, the Board aims to act fairly, transparently and in the best interests of the Company over the long term, and assesses the impact of activities on the Company's business relationships and, in particular, with its regulator, industry bodies, distribution partners, retailer base and suppliers. The Company acknowledges that every decision the Board has made will not necessarily result in a positive outcome for all of its stakeholders.

As noted in the Chairman's Statement and the Chief Executive Officer's Review, the Board and Executive management have regular engagement with their counterparts at the Gambling Commission and with the National Lottery distribution partners which distribute Good Cause funding. Executive management has a regular programme of engagement across the retailer base (from large multiple retailers through to independent, owner-managed businesses), which is monitored and assessed by the Board through its regular review of the Annual Business Plan.

Suppliers

Suppliers are critical to the success of the Company and, for all of the major suppliers, there is a dedicated Camelot relationship manager. They work closely with the supplier to ensure not only the delivery of their product/service, but that there is a strong working relationship with regular dialogue that allows both parties to operate fairly and transparently with each other.

The Company's policy is to pay all fully-approved supplier invoices within 30 days after the end of the month in which the invoice is received. During the year, Camelot paid 92% (2021: 91%) of its supplier invoices in line with the agreed terms and, on average for the year, invoices are being paid within 27 days (2021: 31 days) from date of receipt. The Company's latest figures show that only 1% (2021: 1%) of supplier invoices are paid in excess of 60 days, with 76% (2021: 74%) being paid in 30 days or less.

Camelot's payment practice and performance are made publicly available, and processes are in place to improve these metrics. 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 has a clear and specific investment policy which is followed for all cash deposits placed to mitigate against short and long-term cash flow risk.

The Company continually monitors its banking facilities, as well as regularly forecasting and reviewing its cash flow requirements. For the next financial year, the cash flow forecasts anticipate surplus cash levels, that the RCF facility will remain undrawn and that sufficient headroom will be maintained such that all liabilities are capable of being met as they fall due. Camelot has a contingency financing arrangement with its ultimate controlling party, Teachers', which, in aggregate with its parent company Premier Lotteries UK Limited, makes further funding of £30.0m available under certain circumstances as set out in note 26.

In addition, Camelot has an established process, set out in The National Lottery Retailer Agreement, which ensures exposure to retailer bad debt is minimised as detailed in note 16. Camelot is, therefore, confident that it has appropriately mitigated the additional credit and financial risks linked to its retailer footprint.

The Company is 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 16.

Related Party Transactions

During the current financial year, the Company has, in the ordinary course of its business, had transactions of significance with its parent company and 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, have expressed their willingness to continue in office.

Dividends

As detailed in note 8, total dividends paid in the year under review were £81.6m (2021: £47.4m), of which £81.6m (2021: £47.4m) was paid to the Company's parent company, Premier Lotteries UK Limited (PLUK), during the year and £7,000 to Fourmoront Corporation (2021: £7,000). The Company does not recommend payment of a final dividend.

Donations

During the year, no political donations were made (2021: £nil).

Post-Balance Sheet Events

Refer to note 29 to the financial statements for Post-Balance Sheet events disclosures.

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 UK-adopted international accounting standards. The Company has also prepared the financial statements in accordance with international financial reporting standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, the 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 UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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.

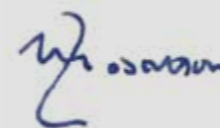
In addition, the Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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 Hugh Robertson KCMG PC DL
 Chairman

23 June 2022

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. 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

At 31 March 2022, the Board comprised nine members: the Chairman, four additional independent Non-Executive Directors (one of whom acts as the Deputy Chairman and Senior Independent Director), two Non-Executive Directors (both officers of Teachers') and two Executive Directors (the Chief Executive Officer and the Chief Financial Officer).

There is a clear delineation of responsibility between the Chairman and the Chief Executive Officer, which is set out formally in a written description of the role of the Board and written descriptions for the Chairman's and the Chief Executive Officer's roles (and also for the roles of the Deputy Chairman/Senior Independent Director and the independent Non-Executive Directors).

The Chairman leads the Board, ensuring that each Director, particularly each of the Non-Executive Directors, is able to make an effective contribution. He monitors, with assistance from the Company Secretary, the information distributed to the Board to ensure that it is sufficient, accurate, timely and clear. Board papers are sent to Directors in good time before Board meetings. These cover key areas of the Company's affairs, including overall strategy, key commercial partnerships, approval of budgets, major capital expenditure programmes, significant transactions and financing issues. The Board approves all major capital and revenue expenditure over specified amounts, which vary depending on the nature of the expenditure.

The Chief Executive Officer maintains day-to-day management responsibility for the Company's operations, implementing Company strategies and policies agreed by the Board.

Jane Rowe (Executive Managing Director and head of Teachers' Equities department) remains on the Board and ensures that Board members (and, in particular, the independent Non-Executive Directors) are regularly informed of Teachers' views about the Company, and that Teachers' is kept informed about the Company to the extent Teachers' requires. Nick Jansa (Teachers' Senior Managing Director, EMEA) was appointed to the Board on 6 May 2021.

Board of Directors (continued)

During the year, the Board approved the appointment of Jennelle Tilling as a Non-Executive Director (and Chair of the Remuneration Committee) of Yorkshire Building Society, and Gill Whitehead as Chief Executive of the Digital Regulation Cooperation Forum. The Board was satisfied that those additional commitments do not prevent either Director from spending sufficient time on matters relating to Camelot, and that they would provide each Director with a welcome opportunity to broaden further their perspective and experience of different boards and businesses and, ultimately, to enhance their skills for Camelot's benefit.

Gill Whitehead stepped down from the Board on 21 April 2022, and David Kelly was appointed to the Board on 10 May 2022.

Specific oversight of various aspects of the Company's activities has been allocated by the Board to different Board members (including external relations, operations, finance, risk and audit, digital and technology, marketing, engagement with the Company's workforce and healthy play).

Regular Board meetings were held during the year under review. Owing to the continued impact of the restrictions resulting from the Covid-19 pandemic, the Board's programme of holding meetings off-site at locations around the UK was again suspended this year.

Board meetings follow a formal agenda which includes regular reports from the Chief Executive Officer, matters for which the Board's approval is 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 212 to 225.

At the beginning and end of each Board meeting, the Chairman usually meets with the Non-Executive Directors for a private session in the absence of the Chief Executive Officer, the Chief Financial Officer and other senior management. At the end of each meeting, a further private session is usually held with the Chief Executive Officer, and sometimes the Chief Financial Officer, without other senior management.

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

During the year, informal update sessions (supported by written papers where appropriate) were also held by video conference for Board members in months in which no formal Board meeting took place.

The Board has delegated certain functions to committees, as set out below. However, the Board takes direct responsibility for the review and monitoring of key areas, such as risk management. All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed.

There is 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 are members, all Directors are encouraged to attend meetings of those committees of which they are not members. Attendance of Directors at Board and Committee meetings during the year was as follows:

Report on Corporate Governance (continued)

Board of Directors (continued)

	Board (5 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 (4 meetings) Number attended of meetings held while a Director	Nominations Committee (3 meetings) Number attended of meetings held while a Director
Nigel Railton	5/5	¹ (4/4)	¹ (4/4)	¹ (3/3)
Sir Hugh Robertson KCMG PC DL	5/5	¹ (4/4)	¹ (4/4)	3/3
Jane Rowe	5/5 ²	4/4 ²	4/4 ²	3/3 ²
Nick Jansa	5/5	(4/4) ²	(4/4)	(2/3)
Rob Rowley	5/5	(4/4)	¹ (3/4)	¹ (3/3)
Clare Swindell	5/5	¹ (4/4)	¹ (4/4)	¹ (0/3)
Jennelle Tilling	5/5	¹ (4/4)	¹ (4/4)	3/3
Robert Walker	4/5	4/4	4/4	¹ (3/3)
Gill Whitehead	5/5	4/4	¹ (4/4)	¹ (3/3)

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. The table does not include reference to the Fourth Licence Competition Committee (more information on which can be found on page 241).

¹ Indicates that the named individual is 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 Owing to restrictions on Ms Rowe's ability to attend formal meetings while located in Canada during the year under review, (1) one Board meeting and part of another, (2) two Audit, Risk and Security Committee meetings, (3) two Remuneration Committee meetings and (4) one Nominations Committee meeting were attended by Nick Jansa (a member of Teachers' staff) as Ms Rowe's alternate. Nick Jansa also attended some meetings together with Ms Rowe.

Under the terms of the third licence, all Directors have to be security-vetted before they can be formally appointed to the Board, unless the Gambling Commission has issued a temporary waiver of that requirement in individual cases. Pending this clearance or waiver, those to be appointed are 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: **Rob Rowley**

Members: **Rob Rowley, Jane Rowe, Robert Walker, Gill Whitehead** (until 21 April 2022, **David Kelly** (from 23 June 2022)

Usual Attendees

The Chief Executive Officer and other functional managers (including the Chief Financial Officer, the Deputy Chief Financial Officer, and the Director of Business Assurance and, now in his place, the Head of Internal Audit) for relevant sections of the meeting, and representatives of the Company's external auditors and Teachers'. The composition and independence of the Board is discussed on page 234.

In addition to the broad executive and non-executive business experience of each of the members of the Committee described in their biographies on pages 204 to 205, Jane Rowe holds a Bachelor of Commerce (Honours) degree from Memorial University, Newfoundland, an MBA from York University's Schulich School of Business and an ICD.D certification from the Institute of Corporate Directors in Toronto; Rob Rowley is a Fellow of the Institute of Management Accountants, and holds a BSc in Economics from the University of Southampton and an MBA from Cranfield University; and Gill Whitehead holds a BSc (Honours) degree in Economics and Econometrics from the University of Nottingham, and is a Fellow of the Institute of Chartered Accountants of England and Wales; and David Kelly holds an MBA from Bayes Business School and a PhD from Cass Business School.

The Committee met four times in the year under review.

Its duties are as follows:

Audit

The Committee is responsible for ensuring that the system and quality of internal control within the Company, and, in particular, of financial reporting, are to the highest standards, and for ensuring that the interests of the Company's shareholders are safeguarded. The Committee is 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 reviews 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 provides advice on whether the final financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

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

The Committee considers the relationship with its external auditors is working well and remains satisfied with its effectiveness (taking into consideration relevant UK professional and regulatory requirements). The external audit partner is rotated every seven years and the current partner is in his fifth year. The external auditors attended all four Committee meetings in the financial year ended 31 March 2022, and the Committee assesses their effectiveness through this regular interaction. The Committee had previously determined that, in the event that the Company were to be awarded the fourth licence – subject to any truly exceptional change in circumstances in the meantime – the provision of external audit services would be put out to tender for the subsequent financial year after the outcome of the bid is known, and PwC will not be invited to retender. In the absence of an award, PwC will continue to provide external audit services.

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, is reviewed annually, to ensure it properly reflects the nature of transactions and is in accordance with accounting standards. Internal controls are 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 IFRS requirements.

Provisions

In accounting for provisions, judgement is required to assess the probability of outcome, maturity and level of risk. Judgement and estimation is 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(s) to the financial statements.

Provisions made, and the basis on which they have been calculated, are disclosed in note 20. The Committee has confirmed the appropriateness of accounting policies relating to provisions and the quantum of provisions held at 31 March 2022, in particular those relating to long-term incentive plans and end of licence obligations. 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.

Capitalisation and Impairment of Assets

The Company continues to make investments in capital assets. The Committee has reviewed the appropriateness of capitalisation and impairment decisions adopted by management, and concluded that current processes are sufficient to ensure capitalised assets are correctly captured, valued and reported. Assets are capitalised and impaired in accordance with IFRS, as set out in the accounting policies disclosed in note 2 to the financial statements.

Licence Compliance

The Committee has 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. In 2021/22, this included oversight over an investigation by the Gambling Commission which resulted in a fine of £3.15m for three historical incidents.

Risk

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

During the year, the Committee spent time discussing the risks associated with the various ongoing major change projects and programmes, as well as other principal risks including the threat of cyber attack, player protection and the retailer environment. The Committee also reviewed management's detailed assessment of the risks around transition to the fourth licence in the Company's role as outgoing licensee, and monitored the preparation and related activities within Camelot to meet its licence responsibilities under transition.

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

Security

The Committee is responsible for approving and ensuring adherence to a set of security policies for the implementation and operation of The National Lottery. The Committee is regularly informed of any potential security issues within the Company (including physical, logical and personnel security, and disaster planning). It is 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 are brought to the attention of the Chairman of the Committee immediately after they are identified. The Committee also has a standing agenda item relating to Data Protection matters presented by the Data Protection Officer.

Remuneration Committee

Chair: **Jane Rowe**

Members: **Jane Rowe, Robert Walker**

The Committee is responsible for establishing a formal and transparent procedure for developing the framework and broad policy for determining the remuneration of the Company's Chief Executive Officer, independent Non-Executive Directors and employees in management with a senior role in the Company. In determining those matters, the Committee is 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 deems necessary (including different incentives needed in different scenarios), into account.

The Committee is 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 are required to ensure a range of outcomes, including supporting the strategy and promoting the long-term sustainable success of the Company, ensuring remuneration is 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 four times during the year under review.

The Remuneration Committee, which includes representation by the shareholders, reviewed and approved the annual bonus arrangements for the financial year ended 31 March 2022, with Executive Directors' and senior managers' performance metrics based on sales, returns to Good Causes, and profitability, each underpinned by operational integrity – an approach which is consistent and aligned with all employees. Through the inclusion of performance metrics, the Committee ensures that reputational and other risks arising from a target-based incentive plan are mitigated. Following the announcement by the Gambling Commission on 15 March 2022 that Allwyn Entertainment Ltd is the Preferred Applicant to operate the fourth licence, the Remuneration Committee has met to discuss retention planning.

The Employee Forum receives communication and updates on the remuneration arrangements in place for employees each year, and the wider Leadership Team is briefed annually on the details of the scheme. This includes how remuneration aligns with the wider Company pay policy. Executive Directors and senior management have an additional metric of performance against key objectives in the Annual Business Plan, and a higher weighting is placed on returns to Good Causes performance, aligning performance with purpose. Bonus awards are capped with a maximum payout, and the scheme has provisions to reduce bonus awards for any under-performance.

In approving arrangements, the Remuneration 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. Discretion is allowed for in the remuneration policies and structures, and the Committee considered senior management exit arrangements and applied an element of discretion to reflect performance. The scheme has operated as intended in 2022.

Willis Towers Watson continues as an advisor to the Company (but not, during this financial year, directly to the Remuneration Committee) and, in the course of the year, advised the Company in relation to staff remuneration and provided ad hoc support to the HR Team. Willis Towers Watson Health & Benefits (part of Willis Towers Watson) acts as the Company's brokers for Life Assurance, PHI and PMI benefits, and dental scheme, and is also the provider of the Company's occupational health/managed care service (the support link between PHI and PMI claims).

Report on Corporate Governance (continued)

Nominations Committee

Chair: **Sir Hugh Robertson KCMG PC DL**
Members: **Sir Hugh Robertson KCMG PC DL, Jane Rowe, Jennelle Tilling**

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

The Committee is responsible for adopting a formal, rigorous and transparent procedure for the recommendation of new Directors, and for considering and recommending suitable candidates for appointment by the C preference shareholders who have the time to commit to the Company, are of appropriate experience, age, qualifications, background and reputation, will provide constructive challenge, strategic guidance and specialist advice, and will hold management to account.

The Committee is required to consider candidates from a wide range of backgrounds, paying due regard to the Board's diversity and inclusion policy. This policy recognises the importance of diversity and inclusion; records 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 confirms 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 can bring to the business. The Committee is comprised exclusively of Non-Executive Directors, under the chairmanship of the Chairman of the Board.

During the financial year ended 31 March 2022, the Committee met three times. Its work centred on Board and senior management succession planning, which are 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 will need to be addressed. When considering such appointments, typically the Committee consults with Teachers', the Chief Executive Officer 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 appoints an external agency in relation to the search.

Throughout the year, the Committee reviewed and monitored the pipeline of individuals who have been identified as potential emergency and/or permanent successors to all members of the Executive Team and other senior management roles, and (following senior management talent reviews) where further development of potential successors needs to be undertaken. The Committee's focus on Board and senior management succession planning signals 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.

The Committee's work during the year also included diversity reporting. The Board's diversity and inclusion policy recognises the importance of diversity and inclusion, and aims to attract, engage and retain a workforce as diverse as Camelot's players, customers and the communities that Camelot's work supports. It seeks to encourage an inclusive working culture and environment which values difference, enables people to be themselves, and supports Camelot's ambition to have a highly engaged and high-performing team. It commits the Board to ensuring that Camelot values and respects people of all cultures, nationalities, races and religions, regardless of characteristics such as gender, gender identity and/or expression, age, disability, marital or parental status, or sexual orientation. It continues to recognise the benefit of diversity on the Board and in Camelot's senior Leadership Team, and the importance of creating an inclusive environment. It states that all Board appointments – while being based on merit, measurement against objective criteria and the aptitude, skills and ability individuals can bring to the business – will also give regard to diversity and inclusion.

The Board's policy is implemented, in particular, by virtue of its being taken into account by the Nominations Committee in its work in relation to Board and senior management succession planning; by ensuring that Camelot's more detailed Company policy is consistent with the Board's policy; and by monitoring implementation of related activities in Camelot during the year.

Nominations Committee (continued)

As at:	Female Board Members
31 March 2022	44% <small>(four of the nine members)</small>
24 June 2021	44% <small>(four of nine)</small>
25 June 2020	50% <small>(four of eight)</small>
27 June 2019	38% <small>(three of eight)</small>
1 April 2018	14% <small>(one of seven)</small>
As at:	Female Executive Team Members
31 March 2022	25% <small>(three of the 12 members)</small>
24 June 2021	25% <small>(three of 12)</small>
25 June 2020	25% <small>(three of 12)</small>
27 June 2019	27% <small>(three of 11)</small>
1 April 2018	23% <small>(three of 13)</small>
As at:	Senior Management Gender Balance
<small>(ie the Executive Team and their direct reports from grades 3 to 5)</small>	
31 March 2022	58%/42% <small>male/female</small>
5 May 2021	67%/33% <small>male/female</small>
11 May 2020	64%/36% <small>male/female</small>
30 May 2019	64%/36% <small>male/female</small>
1 April 2018	64%/36% <small>male/female</small>
As at:	Employees
31 March 2022	50%/50% <small>male/female</small>
24 June 2021	51%/49% <small>male/female</small>

Fourth Licence Competition Committee

During the financial year ended 31 March 2021, the Board established an additional Committee of the Board to supervise all aspects of the Company's consideration of, preparation for and conduct of the Company's participation in the fourth licence competition, and to make recommendations to the Board concerning those matters. Given the confidential nature of the fourth licence competition process, no further information is provided here.

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.

Dr Long's work included: one-to-one confidential interviews with all Board members; observation of the Board; review of materials relating to the governance and work of the Board and its committees; and production of workshop materials which were discussed collectively with the Board in April 2022. The workshop materials and discussion included Dr Long's independent view of the current strengths and future challenges for the Board, covering areas such as Board culture and dynamics,

the work of the Board, challenges, strengths and areas for further focus and 'watch-outs'.

In summary:

- The Board had a strong Chair, Senior Independent Director and Chief Executive Officer. The relationships among the Board, and with the Executive Team, were strong and appropriately challenging.

- The Board was very well placed to deal with the challenges facing it. Current strengths included: sharing of perspectives; significant knowledge and experience; high-quality participation in and contribution to the Executive Team's judgement; a blend of style and fit (including as to levels of challenge and support, diversity of view and ability to listen); demonstration of values and principles; high-quality debate; ability to identify strengths and weaknesses (including core concerns); and the absence of dominant personalities.

- Current challenges included: the brevity of the remainder of the third licence; the need to avoid common traits when under pressure; a continued commitment to operational resilience; preparing for the transition to the fourth licence; flexibility in response to changing risks; onboarding of new Board members; the relationship with the regulator; modelling the culture for the Executive Team and wider organisation; and identifying signs of "stress" in the organisation.

The role of the Board continued to include the need to focus on credible and preferred options, implementation and delivery plans, milestones and accountabilities, strategic tolerances against delivery and the consequences of failure, and making sure that the Board has enough time to fulfil its role.

Independent Non-Executive Directors

The independent Non-Executive Directors are independent of both management and the shareholders, and are initially appointed for a three-year term. Thereafter, their appointment may be extended for further terms, subject to mutual agreement and shareholder approval. The independent Non-Executive Directors have full access to management, and are encouraged to stay fully abreast of the Company's business through site visits and meetings with senior management.

Report on Corporate Governance (continued)

Independent Non-Executive Directors (continued)

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

Relations with Shareholders

The Group's ultimate parent undertaking and controlling party is Teachers' (note 1). The Company maintains close links with Teachers', which has representation on the Board, and also has direct lines of access to the Chairman, the Chief Executive Officer, the independent Non-Executive Directors and the Company Secretary.

Licence Compliance

The Directors are responsible for establishing an adequate system of control so that assurance is provided over compliance with the provisions of the third operating licence and Section 6 game licences, and any other provisions imposed by or under any statute which relate to the running of The National Lottery or the promotion of any constituent lottery. The system of internal control includes the reporting of regulatory matters to the Audit, Risk and Security Committee by the Director of Business Assurance (now the Head of Internal Audit) and Director of Regulatory Affairs. Internal audits and reviews performed by the Internal Audit function also provide assurance.

Risk Management and Internal Control

Managing Risks

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

Camelot operates a 'three lines of defence' model, with the first line of defence being functions that own and manage 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 is to ensure that the Company maintains an enterprise risk management (ERM) process that demonstrates the effective risk management and effective corporate governance processes and compliance expected under its licensing requirements. In addition, it ensures that there are adequate insurances in place to protect the assets

of the business. The key outputs from the Risk & Insurance function are the principal risk registers and the functional risk registers to give top-down and bottom-up views of risk.

The Compliance function is 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 enhanced its first line of defence with dedicated functional compliance leads and compliance champions, and delivered an extensive Controls Improvement Programme resulting in an expansion of the Self-Assessment programme.

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

The purpose of the Internal Audit function is to provide independent and objective assurance by assessing the effectiveness and adequacy of Camelot's internal controls and risk management. This is 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 has carried out a robust assessment of Camelot's emerging and principal risks during 2021/22, by means of the governance described below.

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

At each Board meeting following an Audit, Risk and Security Committee meeting, the Chair of the Committee presents key risks to the Board, which reviews how these risks are being controlled and monitored by management.

Audit Risk and Security Committee (ARSC)

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

Risk Management and Internal Control (continued)

Roles and Responsibilities (continued)

The Compliance and Risk Committee (CRC)

The CRC is a sub-committee of the Executive Committee, where the risk appetite and tolerance statement is proposed, the overall risk position of the Company is considered, the effectiveness of the current ERM process is assessed and changes are driven forward. The CRC meets prior to each ARSC meeting to review and assess the Company's key risks for communication to the Executive and then ARSC. This Committee also provides a forum for sharing strategic decisions that could impact risk management, and for improving the overall Company control environment. From April 2021, the CRC also has begun to meet monthly in order to focus on compliance and risk management at a more operational level.

Risk Owners

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

Risk Management Process

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

The ERM process applies the principle of identifying risk from a strategic, operational and external perspective (top-down), along with an understanding of the department risk registers (bottom-up). This approach is summarised in the five steps below. These steps require input from all departments within the Company, and facilitate 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 are 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 is recorded in a risk mitigation plan, and assessed for impact on the organisation and likelihood of occurrence.

2. Risk Assessment and Measurement

Risk assessment includes 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 should 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 should be monitored by the Risk Owner on a regular basis to ensure that their risks remain within tolerance.

5. Reporting

The Board, ARSC and CRC require the results of the ERM process to be periodically reported to them in their oversight capacity, and to gain assurance that risks are being proactively managed (and mitigated) within the approved risk tolerance levels.

Risk Categories and Risk Appetite

All risks identified are 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 has been set by the Board, clearly articulates the amount of acceptable risk within which departments can operate. This risk appetite provides direction and boundaries for consistent, measured, risk-aware decision-making throughout the business, and guides the Company in taking the right level of risk. A scale of low to extreme illustrates the range of risk appetite, as well as risk tolerance, across each of the eight categories of risk. For example, the Company may take more risk in the pursuit of commercial objectives than it would with respect to legal or regulatory requirements.

Report on Corporate Governance (continued)

Risk Management and Internal Control (continued)

Internal Control

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

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

In doing so, the Board has been mindful of the broad stakeholder responsibilities of the Company arising from the operation and promotion of The National Lottery, alongside its responsibility to its shareholders. More details of how Camelot consults with its stakeholders are set out in the "Doing Business Responsibly" section on pages 148 to 183 and in the section 172 statement on pages 219 to 222.

In adopting the principles and practice of the Code, the Board has taken account of the fact that the Company's principal shareholder is represented on the Board. Accordingly, the Board considers that many of the Code's provisions relating to a public company's responsibilities to protect shareholders' interests and to communicate to shareholders are not relevant to the Company, and it believes that robust governance has been maintained appropriately in the context of its ownership.

Those areas where the Board has chosen to depart from the provisions of the Code during the year are set out below.

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 has waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 3 of the Code.

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 has waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 18 of the Code.

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 by the Gambling Commission, it is not appropriate for the Directors to report on a half-yearly basis. The Gambling Commission has waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with provision 30 of the Code.

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 2021/22, the Remuneration Committee comprised two Non-Executive Directors, one of whom is an employee of Teachers' and therefore is not deemed to be independent under the terms of the Code (though they are independent of management). Under the Company's Articles of Association, the right to appoint the members of the Remuneration Committee is reserved exclusively to the C preference shareholders and so the provision is not relevant to the Company.
- The Audit, Risk and Security Committee comprises three independent Non-Executive Directors and one Non-Executive Director, who is not deemed to be independent under the terms of the Code; she is, however, independent of management.

Risk Management and Internal Control (continued)

- Neither of the Executive Directors nor any other member of Camelot staff is a member of these committees. This structure has been agreed by the Board as a whole, which believes that the Remuneration and Audit Committees are appropriately resourced. The Gambling Commission has waived the requirement of Condition 14.2 of the third operating licence that the Company should comply with these two provisions of the Code.

The Gambling Commission's waivers referred to above are subject to two conditions:

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

In previous years, the Chairman has met the Chair of the Gambling Commission twice a year to discuss performance, but, owing to the Covid-19 pandemic and the fourth licence competition, their direct engagement was limited to one call during the 2020/21 financial year and a subsequent call in April 2021 (both also attended by Commission officials) to discuss performance and National Lottery support for Covid-related initiatives. The Commission declined the offer of direct engagement between Chairs during the 2021/22 financial year.

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 2022 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 and Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2022; 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 1 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.

Our audit approach

Overview



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

- Accounting and disclosure implications of an unsuccessful fourth licence bid

- Overall materiality: £7.1 million (2021: £7.2 million) based on 1% of net income.
- Performance materiality: £5.3 million (2021: £5.4 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

'Accounting and disclosure implications of the Gambling Commission's announcement on 15 March 2022 that Camelot is the Reserve Applicant to operate the fourth licence and the third licence extension to 31 January 2024' is a new key audit matter this year. Going concern assessment in light of COVID-19 impact and Financial impact of non-compliance with licence requirements, which were key audit matters last year, are no longer included because of the limited impact of COVID-19 on Going Concern and the closure of all open investigations with the Gambling Commission by year end.

Independent Auditors' Report (continued)

Key audit matter

Accounting and disclosure implications of the licence extension and the Gambling Commission's announcement on 15 March 2022 that Camelot is the Reserve Applicant for the fourth licence (refer to note 2)

Impact of the extension to the third licence in the year:

- The right-of-use assets and lease liabilities have been revalued to take into account the extended third licence to 31 January 2024, resulting in a ca. £8 million addition to right-of-use assets and lease liabilities.
- Other fixed assets in use before April 2021 continue to be depreciated to the end of the original third licence extension period (31 January 2023), depreciation for these assets has not been extended to the updated third licence period (31 January 2024) as the impact is not considered to be material.

Impact of the announcement that Camelot is the Reserve Applicant for the fourth licence:

Management has continued to prepare its Annual Report and Accounts on the basis of its responsibilities under the third licence. It has disclosed the Gambling Commission's announcement and that Camelot has launched a legal challenge post year end.

The following areas are impacted.

- The Directors' going concern conclusion was updated to consider the impact of the announcement by the Gambling Commission that Camelot is the Reserve Applicant for the fourth licence. Despite the cessation of the current licence on 31 January 2024, the Directors have concluded that the company remains a going concern on the basis that the termination of the licence falls outside the assessment period. This assessment captures the current licence activities, including working capital cash outflows; and
- No fourth licence LTIP provision is recognised as this was predicated on a successful bid scenario.

How our audit addressed the key audit matter

We have considered each of the implications and performed audit work as detailed below.

- We tested the accuracy of the additions to the right-of-use assets and lease liabilities relating to the extended third licence to 31 January 2024 for a sample, without exception
- We confirmed that the financial impact of extending the depreciation period to January 2024 is immaterial.
- The procedures performed in respect of going concern and our findings are set out in the "Conclusions relating to going concern" section below.
We consider the disclosure within the Basis of Preparation appropriately highlights the process the Directors have undertaken, and the judgements, estimates and uncertainty involved.
- We reviewed the terms of the LTIP scheme and confirmed that no amounts are payable following an unsuccessful fourth licence bid.

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.

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	£7.1 million (2021: £7.2 million)
How we determined it	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.

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% (2021: 75%) of overall materiality, amounting to £5.3 million (2021: £5.4 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 £353,000 (2021: 360,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report (continued)

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's supporting cash flow forecast, testing the mathematical accuracy and comparing the inputs to the latest board approved budgets.
- Considering the appropriateness of key assumptions used to forecast future ticket sales, including sales channel mix between digital and retail, comparing them to actual trading results and considering their appropriateness in light of historic trends.
- Agreeing available debt facilities and covenants to the underlying agreements and performing downside stress testing in relation to the key assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 2022 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, included within the Report on Corporate Governance, 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 group 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 (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 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 the 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;
- Consideration of ongoing discussions and review of correspondence with the company's regulators;
- Review of meeting minutes of the Audit, Risk and Security Committee, Board of Directors and other committees, and review of internal audit reports;
- Challenging assumptions and judgments made by management in significant accounting estimates, to address the risk of management bias; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue to ensure they are appropriate.

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.

Responsibilities for the financial statements and the audit (continued)

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

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. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

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.



Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 June 2022

Statement of Comprehensive Income for the Year Ended 31 March 2022

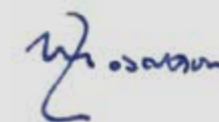
	Note	2022 £m	2021 £m
Gross ticket sales	3	8,090.7	8,373.9
Lottery Duty		(970.9)	(1,004.9)
Prizes		(4,612.3)	(4,854.7)
National Lottery Distribution Funds		(1,800.8)	(1,786.8)
Net income		706.7	727.5
Retailers' and other commission		(276.5)	(285.0)
Gaming systems and data communication costs		(127.1)	(125.6)
Gross profit		303.1	316.9
Administrative expenses		(218.1)	(228.8)
Other operating income		6.3	6.8
Operating profit	4	91.3	94.9
Finance income	6	3.3	3.4
Finance costs	6	(2.2)	(3.1)
Profit before income tax		92.4	95.2
Income tax	7	(10.8)	(17.1)
Profit for the financial year and total comprehensive income attributable to owners of the Company after tax		81.6	78.1

The results detailed above are all derived from continuing operations.
The notes on pages 258 to 286 are an integral part of these financial statements.

Balance Sheet as at 31 March 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Intangible assets	9	30.4	40.2
Property, plant and equipment	10	9.7	19.3
Right-of-use assets	11	20.2	23.3
Deferred taxation	19	14.3	10.2
Trade and other receivables	13	31.3	36.8
		105.9	129.8
Current assets			
Inventories	12	1.9	1.4
Trade and other receivables	13	513.3	574.2
Cash and cash equivalents	14	173.3	185.2
		688.5	760.8
Total assets		794.4	890.6
LIABILITIES			
Non-current liabilities			
Financial liabilities	17	9.9	10.5
Trade and other payables	18	-	2.5
Provisions for liabilities and other charges	20	20.5	17.8
		30.4	30.8
Current liabilities			
Financial liabilities	17	10.6	11.3
Trade and other payables	18	669.5	762.0
Current income tax liability		3.3	1.9
Provisions for liabilities and other charges	20	2.6	6.6
		686.0	781.8
Total liabilities		716.4	812.6
EQUITY			
Capital and reserves			
Share capital	21	0.0	0.0
Retained earnings	22	78.0	78.0
Total equity		78.0	78.0
Total equity and liabilities		794.4	890.6

The notes on pages 258 to 286 are an integral part of these financial statements.
The financial statements on pages 254 to 257, including the accompanying notes,
were approved by the Board of Directors on 23 June 2022 and were signed on its behalf by:



Sir Hugh Robertson KCMG PC DL
Chairman

Statement of Changes in Equity for the Year Ended 31 March 2022

	Note	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 1 April 2020		0.0	47.3	47.3
Comprehensive income				
Profit for the financial year		-	78.1	78.1
Total Comprehensive Income		-	78.1	78.1
Transactions with owners				
Dividends paid	8	-	(47.4)	(47.4)
Total transactions with owners		-	(47.4)	(47.4)
Balance as at 31 March 2021		0.0	78.0	78.0
Comprehensive income				
Profit for the financial year		-	81.6	81.6
Total Comprehensive Income		-	81.6	81.6
Transactions with owners				
Dividends paid	8	-	(81.6)	(81.6)
Total transactions with owners		-	(81.6)	(81.6)
Balance as at 31 March 2022		0.0	78.0	78.0

At 31 March 2022, the Company has £1,000 of ordinary 'A' class share capital (2021: £1,000) and £10 of preference 'C' class share capital (2021: £10), as disclosed in note 21 to these financial statements.

The notes on pages 258 to 286 are an integral part of these financial statements.

Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 Total £m	2021 Total £m
Cash flows from operating activities			
Cash generated from operations	23	109.0	137.3
Interest received		3.3	3.4
Interest paid		(2.2)	(3.1)
Income tax paid		(14.5)	(14.0)
Group relief payments		(1.9)	(8.7)
Net cash from operating activities		93.7	114.9
Cash flows used in investing activities			
Purchase of property, plant and equipment		(0.7)	(2.3)
Expenditure on intangible assets		(12.0)	(13.9)
Net cash used in investing activities		(12.7)	(16.2)
Cash flows used in financing activities			
Dividends paid to shareholders – interim		(81.6)	(47.4)
Revolving Credit Facility (repayment)/drawdown		-	(35.0)
Principal lease payments		(11.3)	(12.5)
Net cash used in financing activities		(92.9)	(94.9)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(11.9)	3.8
Cash, cash equivalents and bank overdrafts at the beginning of the year		185.2	181.4
Cash, cash equivalents and bank overdrafts at the end of the year	14	173.3	185.2

The notes on pages 258 to 286 are an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

Camelot UK Lotteries Limited ('the Company' or 'Camelot') operates and promotes The United Kingdom National Lottery. The Company operates in the United Kingdom and Isle of Man.

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

Its immediate parent is Premier Lotteries UK Limited (PLUK), a subsidiary of Premier Lotteries Capital UK Limited (PLCUK), itself a subsidiary of Premier Lotteries Investments UK Limited (PLIUK). PLUK is the parent undertaking of the smallest group to consolidate these financial statements reporting under UK-adopted international accounting standards. PLIUK is the parent undertaking of the largest group to consolidate these financial statements reporting under UK-adopted international accounting standards. The financial statements of PLUK and PLIUK are available from Magdalen House, Tolpits Lane, Watford, Hertfordshire, United Kingdom, WD18 9RN.

The Company's ultimate parent undertaking and controlling party is Ontario Teachers' Pension Plan (Teachers'), headquartered in Canada. The financial statements of Teachers' are publicly available at www.otpp.com. The Company maintains close links with Teachers', which has representatives on the Board and also has direct lines of access to the Chairman, the Chief Executive Officer, the independent Non-Executive Directors and the Company Secretary.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements for the year ended 31 March 2022 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 profit or loss.

On 15 March 2022, the Gambling Commission announced that Allwyn Entertainment Ltd is the Preferred Applicant for the fourth licence to operate The National Lottery and Camelot was given Reserve Applicant status. The financial statements have been prepared on that basis. The decision is subject to an ongoing legal challenge. See note 29 for more details.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future to cover the remaining term of the third licence, which was extended during the current year to 31 January 2024. 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 pages 228 to 229. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's financial risk management is given in note 16.

The Company's accounting policies were selected by management considering all applicable international accounting standards as at 31 March 2022.

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 2022, having a material impact on the Company.

2. Summary of Significant Accounting Policies (continued)

a) Basis of preparation (continued)

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 2022. 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:

A number of narrow scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for 31 March 2023 year end).

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

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for 31 March 2024 year end).

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for March 2024 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(s).

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.

Estimates

Long-term incentive plans

Provisions are made for the Company's long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company's performance criteria when the Company has a present legal or constructive obligation to incur this cost. The provision at 31 March 2022 is £5.6m (2021: £9.9m). This provision would be £3.7m higher as at 31 March 2022 (2021: £3.5m) if all upside targets were considered achievable and no employees in the scheme left the Company during the performance period. A new scheme linked to the outcome of a successful bid for the fourth licence to operate The National Lottery was issued to certain employees during 2020. In accordance with the relevant accounting standards, no provision for this scheme has been raised in the year given the Gambling Commission's announcement of Allwyn Entertainment Ltd as the preferred bidder in March 2022.

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.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

d) Gross ticket sales (continued)

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.

Scratchcard prizes are recognised as a percentage of ticket sales in line with the theoretical prize pay-out 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 or the close of a Scratchcard or 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.

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 and is accounted for under IFRS 9 financial instruments. 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 is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment.

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

2. Summary of Significant Accounting Policies (continued)

i) Retailers' and Other Commissions (continued)

- 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 and income from the settlement of a claim with Visa for historical transaction fee charges.

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) 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 extension period which ran to January 2023 and has been applied prospectively. The third licence period was extended by the Gambling Commission during the year. Assets capitalised from 1 April 2021 are deemed to have a useful economic life through to the end of this extended third licence period and are being amortised to January 2024. Management have 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 have concluded that the impact would not be material to the financial statements.

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 extension period which ran to January 2023 and has been applied prospectively. Assets capitalised from 1 April 2021 are deemed to have a useful economic life through to the end of the extended third licence period and are being amortised to January 2024. Management have 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 have concluded that the impact would not be material to the financial statements.

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 extension or planned replacement date if earlier.

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

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

l) Intangible Assets (continued)

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.

m) 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 extension period which ran to January 2023 and has been applied prospectively. Assets capitalised from 1 April 2021 are deemed to have a useful economic life through to the end of the extended third licence period and are being depreciated to January 2024. Management have 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 have 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 extension.

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 extension.

Central gaming systems, Interactive hardware and Enterprise Resource Planning hardware – the period to the end of the original third operating licence extension 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 extension.

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

Lottery terminals – the period to the end of the original third operating licence extension, 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 extension.

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 extension.

n) 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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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.

o) Inventories

Inventories consist 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 are 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.

p) 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.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

p) Trade and Other Receivables (continued)

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.

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.

q) 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.

r) 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 16.

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 profit and loss.

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, amounts (other than trade payables) due to parent undertakings 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.

s) 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 are 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.

2. Summary of Significant Accounting Policies (continued)

s) Provisions (continued)

The dilapidation provision is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreement.

Provisions for restructuring costs are recognised where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated. Provisions are not recognised for future operating losses.

Provisions are made for the Company's long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company's performance criteria.

Other provisions primarily relate to provisions for 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.

t) Pensions

The Company operates 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.

u) 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.

v) 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.

w) 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.

x) 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.

Notes to the Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

y) 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 (SOCl) as follows:

	2022 £m	2021 £m
Returns to or Amounts generated for Good Causes		
National Lottery Distribution Fund per the SOCI	1,800.8	1,786.8
plus additional amounts paid to the NLDF	-	0.6
plus unclaimed prizes that would have been previously recognised within Prizes	111.0	100.1
Returns to or Amounts generated for Good Causes	1,911.8	1,887.5
Returns to Society		
Amounts generated for Good Causes as above	1,911.8	1,887.5
plus Lottery Duty per the SOCI	970.9	1,004.9
Returns to Society	2,882.7	2,892.4
Returns to winners and society		
National Lottery Distribution Fund per the SOCI	1,800.8	1,786.8
plus Lottery Duty per the SOCI	970.9	1,004.9
plus retailer commission included in Retailers' and other commission in the SOCI	265.4	275.9
plus Prizes per the SOCI	4,612.3	4,854.7
Returns to winners and society	7,649.4	7,922.3
Percentage of gross ticket sales	95%	95%
The percentage of total revenue spent on Operating costs is calculated as follows		
Gaming Systems and data communication costs per the SOCI	127.1	125.6
plus Administrative expenses per the SOCI	218.1	228.8
less Other operating income per the SOCI	(6.3)	(6.8)
Operating costs	338.9	347.6
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	1,911.8	1,887.5
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)	(76.8)	(59.2)
less Other adjustments under the licence	(4.9)	(3.9)
plus/(less) Adjustment to recognise the amount below on a cash rather than accruals basis	8.7	7.0
Total Funds payable to Good Causes during the year as published on the Gambling Commission's website	1,838.8	1,831.4

3. Gross Ticket Sales

The Company is 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. Gross ticket sales by type of game are analysed as follows:

	2022 £m	2021 £m
Draw-based games	4,647.5	4,690.7
Scratchcards and interactive Instant Win Games	3,443.2	3,683.2
	8,090.7	8,373.9

4. Operating Profit

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

	2022 £m	2021 £m
Other operating income ¹	6.3	6.8
Marketing expenses ²	(86.8)	(104.7)
Research	(4.4)	(4.4)
Amortisation on intangible assets (note 9)	(21.8)	(17.2)
Depreciation on property, plant and equipment (note 10)	(12.8)	(14.8)
Depreciation on right-of-use assets (note 11)	(12.7)	(12.6)
Fees payable to the Company's auditors and its associates for the audit of financial statements	(0.4)	(0.4)
Fees payable to the Company's auditors and its associates for audit-related assurance services	(0.2)	(0.1)

¹ Other operating income in the current year is primarily comprised of two components: operating fee income receivable from retailers (£3.3m) and income from the settlement of a claim with Visa for historical transaction fee charges (£3.0m). Other operating income in the prior year primarily comprised operating fee income receivable from retailers (£3.6m) and an amount received from the Company's insurers in settlement of an insurance claim (£3.2m). Operating fee income receivable from retailers relates to retailers who lease 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 £76.8m (2021: £59.2m) in respect of marketing to support the long-term health of The National Lottery.

Notes to the Financial Statements (continued)

5. Employee Expenses and Numbers

	2022	2021
	£m	£m
Employee expenses		
Wages and salaries	70.0	66.2
Social security costs	7.3	7.3
Other pension costs	3.3	3.0
	80.6	76.5

	2022	2021
	Number	Number
Monthly average number of Camelot employees		
Retailer and consumer services	126	122
Sales and marketing	578	562
Information technology	189	181
Finance, administration and other	185	174
	1,078	1,039

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.

	2022	2021
	£m	£m
Key management personnel compensation		
Short-term employee benefits	6.5	6.3
Other long-term benefits	3.8	1.7
Post-employment benefits	0.5	0.5
	10.8	8.5

The amounts above include compensation for all 12 members of the UK Executive Board employed by Camelot UK Lotteries Limited during the year.

5. Employee Expenses and Numbers (continued)

	2022	2021
	£m	£m
Directors' emoluments		
Salaries and short-term employee benefits	2.4	2.4
Long-term incentive plans	1.5	1.7
Other pension costs	0.1	0.1
Payments to past Directors	0.4	1.8
Aggregate emoluments	4.4	6.0

	2022	2021
	£m	£m
Highest-paid Director's emoluments		
Salaries and short-term employee benefits	1.1	1.1
Long-term incentive plans	1.2	1.7
Other pension costs	0.1	0.1
Aggregate emoluments	2.4	2.9

At 31 March 2022, the Board comprised nine members: the Chairman, four independent Non-Executive Directors, two Non-Executive Directors (officers of Teachers') and two Executive Directors (the Chief Executive Officer and the Chief Financial Officer).

Nigel Railton was the highest-paid Director in 2021/22 and in 2020/21. In 2021/22, he received payments of £2.4m for his services as Director from Camelot UK Lotteries Limited (2020/21:£2.9m). Nigel was appointed Chief Executive Officer in November 2017; previously, he served as Chief Executive Officer of Camelot Global Lottery Solutions Limited.

Payments to past Directors are amounts paid to Andrew Duncan. During the year, Dianne Thompson received long-term incentive plan payments which are paid by and disclosed in the financial statements of Camelot Business Solutions Limited. She did not act as a Director of Camelot Business Solutions Limited nor of Camelot UK Lotteries Limited during the year.

At the end of the financial year, no Directors (2021: none) were members of the Group money purchase pension scheme.

Long-term incentive plans have been in place since 2009 and run through to 2024. Both short-term and long-term incentive plans follow industry best practice, with stretching targets and measurable performance.

6. Finance Income and Costs

	2022	2021
	£m	£m
Interest receivable from bank deposits	-	0.1
Interest receivable on loan due from Premier Lotteries UK Limited	3.3	3.3
Finance income	3.3	3.4
Interest payable on other loans	(0.4)	(0.5)
Interest payable on leases	(1.8)	(2.6)
Finance costs	(2.2)	(3.1)
Net finance income	1.1	0.3

Interest payable on leases relates to £1.8m interest on leases brought on to the Balance Sheet due to IFRS 16 (2021: £2.6m). There is no interest on leases charged to the Statement of Comprehensive Income in 2021/22 for the additional lease liabilities brought onto the Balance Sheet at 31 March 2022 due to the extension of the third licence period.

Notes to the Financial Statements (continued)

7. Income Tax

a) UK corporation tax

	2022 £m	2021 £m
Current income tax for the year	17.5	19.6
Adjustments in respect of prior years	(2.6)	(0.3)
Total current tax	14.9	19.3
Deferred income tax credit for the year	(0.7)	(2.1)
Adjustments in respect of prior years	0.2	(0.1)
Changes in applicable tax rate	(3.6)	-
Total deferred tax	(4.1)	(2.2)
Income tax expense	10.8	17.1

The prior year adjustment primarily relates to intragroup charges from Camelot Business Solutions Limited, which are now being claimed by the Company and settled through group relief.

The rate of UK corporation tax reflected in these financial statements is 19% (2021: 19%). In the Spring Budget 2021, the government announced that, from 1 April 2023, the corporation tax rate would increase to 25% (rather than the current rate of 19%, as previously enacted following the Spring Budget 2020). This new law was substantively enacted on 24 May 2021. As the proposal to increase the rate to 25% has been substantively enacted at the Balance Sheet date, its effects will be included in these financial statements for deferred tax purposes. The Company has calculated the deferred tax impact on temporary differences unwinding within 12 months at 19% and those that will unwind more than 12 months later at 25%. All taxable temporary differences have been recognised and are reflected in the deferred taxation balance.

b) Reconciliation of tax expense

	2022 £m	2021 £m
Profit before income tax	92.4	95.2
Income tax on profit on ordinary activities at the standard rate of 19% (2021: 19%)	17.6	18.1
Permanent adjustments	(0.8)	(0.6)
Adjustments in respect of prior years	(2.4)	(0.4)
Effect of rate change	(3.6)	-
Income tax expense	10.8	17.1

8. Dividends

	2022 £m	2021 £m
Interim dividends paid to shareholders for aggregate ordinary class 'A' shares and class 'C' preference shares	81.6	47.4
	81.6	47.4

Dividend per share for the year was £80,744 (2021: £46,952). No final dividend was recommended (2021: none).

9. Intangible Assets

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2020	15.4	130.5	145.9
Reclassification*	-	(23.9)	(23.9)
Additions	0.2	13.7	13.9
Disposals	(0.6)	(9.1)	(9.7)
At 31 March 2021	15.0	111.2	126.2
Accumulated amortisation			
At 1 April 2020	12.8	89.6	102.4
Reclassification*	-	(23.9)	(23.9)
Charge for the year	0.9	16.3	17.2
Disposals	(0.6)	(9.1)	(9.7)
At 31 March 2021	13.1	72.9	86.0
Net book value at 31 March 2021	1.9	38.3	40.2

	Internally generated £m	Separately acquired £m	Total £m
Cost			
At 1 April 2021	15.0	111.2	126.2
Additions	0.1	11.9	12.0
Disposals	(0.1)	(0.5)	(0.6)
At 31 March 2022	15.0	122.6	137.6
Accumulated amortisation			
At 1 April 2021	13.1	72.9	86.0
Charge for the year	0.6	21.2	21.8
Disposals	(0.1)	(0.5)	(0.6)
At 31 March 2022	13.6	93.6	107.2
Net book value at 31 March 2022	1.4	29.0	30.4

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 (2021: £nil). Amortisation is charged to administrative expenses.

Intangible assets include £6.2m (2021: £7.0m) of assets which are under construction.

*As disclosed in the 2020/21 note, in 2020, assets with a cost of £47.1m and a net book value of £9.9m held under finance leases were transferred from Property, Plant and Equipment (note 10) into Right-of-Use Assets (note 11) upon implementation of IFRS 16. The underlying leased assets transferred were, however, made up of both Intangible Assets and Property, Plant and Equipment. Accordingly, both the Intangible Assets (note 9) and Property, Plant and Equipment (note 10) have been adjusted to correctly reflect the nature of the assets transferred to Right-of-Use Assets in 2020. As the relevant assets have no net book value remaining, this reclassification has no impact on Right-of-Use Assets (note 11), the Balance Sheet or amounts of amortisation and depreciation charged to the profit and loss account in 2021.

Notes to the Financial Statements (continued)

10. Property, Plant and Equipment

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
Cost			
At 1 April 2020	3.2	191.0	194.2
Reclassification*	-	23.9	23.9
Additions	-	2.8	2.8
Disposals	-	(4.2)	(4.2)
At 31 March 2021	3.2	213.5	216.7
Accumulated depreciation			
At 1 April 2020	3.2	159.7	162.9
Reclassification*	-	23.9	23.9
Charge for the year	-	14.8	14.8
Disposals	-	(4.2)	(4.2)
At 31 March 2021	3.2	194.2	197.4
Net book value at 31 March 2021	-	19.3	19.3

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
Cost			
At 1 April 2021	3.2	213.5	216.7
Additions	-	3.2	3.2
Disposals	-	(0.1)	(0.1)
At 31 March 2022	3.2	216.6	219.8
Accumulated depreciation			
At 1 April 2021	3.2	194.2	197.4
Charge for the year	-	12.8	12.8
Disposals	-	(0.1)	(0.1)
At 31 March 2022	3.2	206.9	210.1
Net book value at 31 March 2022	(0.0)	9.7	9.7

Plant and equipment includes £0.3m (2021: £1.2m) of assets which are under construction.

*As disclosed in the 2020/21 note, in 2020, assets with a cost of £47.1m and a net book value of £9.9m held under finance leases were transferred from Property, Plant and Equipment (note 10) into Right-of-Use Assets (note 11) upon implementation of IFRS 16. The underlying leased assets transferred were, however, made up of both Intangible Assets and Property, Plant and Equipment. Accordingly, both the Intangible Assets (note 9) and Property, Plant and Equipment (note 10) have been adjusted to correctly reflect the nature of the assets transferred to Right-of-Use Assets in 2020. As the relevant assets have no net book value remaining, this reclassification has no impact on Right-of-Use Assets (note 11), the Balance Sheet or amounts of amortisation and depreciation charged to the profit and loss account in 2021.

11. Right-of-Use Assets

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
Cost			
At 1 April 2020	17.7	32.4	50.1
Additions	0.1	-	0.1
At 31 March 2021	17.8	32.4	50.2
Accumulated depreciation			
At 1 April 2020	4.6	9.7	14.3
Charge for the year	4.6	8.0	12.6
At 31 March 2021	9.2	17.7	26.9
Net book value at 31 March 2021	8.6	14.7	23.3

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
Cost			
At 1 April 2021	17.8	32.4	50.2
Additions	3.7	5.9	9.6
Disposals	(0.1)	-	(0.1)
At 31 March 2022	21.4	38.3	59.7
Accumulated depreciation			
At 1 April 2021	9.2	17.7	26.9
Charge for the year	4.8	7.9	12.7
Disposals	(0.1)	-	(0.1)
At 31 March 2022	13.9	25.6	39.5
Net book value at 31 March 2022	7.5	12.7	20.2

The right-of-use assets balance represents property, plant and equipment and motor vehicle assets held under leases. Additions in the year are due to the impact on expected lease periods following the extension of the third licence granted by the Gambling Commission in the year.

Depreciation of £7.5m (2021: £7.5m) is charged to administration expenses and £5.2m (2021: £5.1m) is charged to Gaming Systems and Data Communication costs. Of the total depreciation charge, £2.1m (2021: £2.1m) relates to those assets capitalised prior to 1 April 2019 and £10.6m (2021: £10.5m) to those brought onto the Balance Sheet due to IFRS 16. There is no depreciation charged to the Statement of Comprehensive Income in 2021/22 for the additional right-of-use assets brought onto the Balance Sheet at 31 March 2022 due to the extension of the third licence period.

Notes to the Financial Statements (continued)

12. Inventories

	2022 £m	2021 £m
Scratchcard tickets	0.7	0.7
Playslips, terminal rolls and other consumables	1.2	0.7
At 31 March	1.9	1.4

Inventory consumed during the year amounted to £25.2m (2021: £26.1m). No provision has been raised or reversed against the inventory balance in the current year (2021: £nil).

13. Trade and Other Receivables

a) Non-current assets

	2022 £m	2021 £m
Loan due from Group companies	26.0	26.0
EuroMillions Deposit	4.8	10.8
Reserve Trust	0.5	-
At 31 March	31.3	36.8

The loan due from the Company's parent was £26.0m at 31 March 2022 (2021: £26.0m). The loan incurs interest at 12.5%. The capital is repayable at the end of the third operating licence extension period which is 31 January 2024. As at 31 March 2022, there was £0.8m interest accrued (2021: £0.8m) in addition to the loan balance outstanding. This is included in current assets as at 31 March 2022. Expected credit loss on the loan due from Group companies is considered immaterial.

At 31 March 2022, Camelot had on deposit £4.8m (2021: £10.8m) 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. Although Camelot cannot currently withdraw these amounts until the end of the third operating licence extension period, the interest on these accounts accrues to Camelot.

The Camelot Cash Reserve is 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.

b) Current assets

	2022 £m	2021 £m
Trust receivables	472.3	536.6
Trade receivables	23.8	24.5
Accrued income	0.4	0.3
Other receivables	3.0	-
Prepayments	7.5	9.2
Amounts due from related parties	6.3	3.6
At 31 March	513.3	574.2

13. Trade and Other Receivables (continued)

b) Current assets (continued)

Trust receivables comprise the amounts due from the Trust to Camelot for unpaid prizes of £380.1m (2021: £443.2m), together with amounts held in respect of future draws both in the form of advance sales and interactive wallet balances of £92.2m (2021: £93.4m).

Trade receivables primarily represent amounts due from retailers.

Other receivables relate to amounts due from Visa related to the settlement of a claim for reimbursement of historical transaction charges.

As of 31 May 2022, trade receivables of £23.8m (2021: £24.5m) 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.

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:

	2022 £m	2021 £m
Current	24.1	24.8
7 days to 3 months	-	-
Credit loss allowance	(0.3)	(0.3)
At 31 March	23.8	24.5

The credit risk policy that the Company operates means that Camelot minimises its exposure to past due debt.

No trade receivables are more than 30 days past due (2021: £nil). Details of the credit risk policy are provided in note 15 and note 16.

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

	2022 £m	2021 £m
At 1 April	0.3	0.2
Credit loss allowance recognised during the year	0.4	0.4
Utilised	(0.3)	(0.2)
Unused amounts reversed	(0.1)	(0.1)
At 31 March	0.3	0.3

All movements in the credit loss allowance have been included in administrative expenses in the Statement of Comprehensive Income.

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 fellow subsidiaries are interest-free and repayable on demand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. With the exception of £6.4m (2021: £6.7m) in retailer bonds, the Company does not hold any collateral as security.

Notes to the Financial Statements (continued)

14. 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:

	2022 £m	2021 £m
Cash at bank and in hand	32.3	27.6
Short-term bank deposits	141.0	157.6
At 31 March	173.3	185.2

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 2022 of 0.00% to 0.52% (2021: 0.00% to 0.27%). Deposit accounts and Money Market Funds are redeemable on demand.

The Company has a £55.0m committed Revolving Credit Facility, which runs until 30 April 2023 having been extended in March 2022 from its previous termination date of 31 October 2022. The amount drawn under this facility at 31 March 2022 was £nil (2021: £nil).

15. 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 16 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 2022, financial assets totalling £99.4m (2021: £59.9m) are held in deposit accounts with banks which have Moody's short-term credit ratings of P1; £41.6m (2021: £82.7m) are held in an up to 40-day notice account which has Moody's credit ratings of AAA; and £nil (2021: £15.0m) is held in an up to 40-day notice account with a bank which has a Moody's short-term credit rating of P1. Cash at bank and the trust accounts are 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.

16. 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.

a) Credit risk

Credit risk primarily arises from short-term credit extended to retailers. Credit insurance is held for the vast majority of the Company's multiple store retailers, and management has a credit policy in place and the exposure to credit risk is 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 is 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(p) and note 13.

Camelot continues to review its established credit policy and debt collection processes during the uncertain economic climate due to the Covid-19 pandemic. Reviews ensure that the policies and processes are appropriate and address any additional exposures to increased credit risk. Management is confident that the current arrangements minimise the Company's exposure in this area, although this continues to be closely monitored.

At the Balance Sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the Balance Sheet.

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 15.

The carrying value of financial assets approximates to fair value.

16. Financial Risk Management (continued)

b) Interest rate risk

The Company's £55.0m Revolving Credit Facility allows short-term borrowings at floating rates of interest (SONIA plus 1.5%). Financial covenants on the level of leverage and interest cover exist on this facility. At 31 March 2022, the facility was undrawn (2021: undrawn).

At 31 March 2022, the value of the loan receivable from the Company's immediate holding company, Premier Lotteries UK Limited, was £26.0m (2021: £26.0m). Interest on the loan was charged at a fixed rate of 12.5% and, therefore, there was no exposure to changes in interest rates.

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 0.04% (2021: 0.08%).

Short-term bank deposits in 2022 and 2021 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 the accounting policy detailed in note 2(x).

Included within Administrative expenses in the Statement of Comprehensive Income are £nil net foreign exchange losses (2021: £0.1m losses).

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 has a £55.0m syndicated Revolving Credit Facility disclosed in note 14. This facility, of which £nil was drawn down at 31 March 2022 (2021: £nil), contains 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 has met. The undrawn level of this facility, together with the Company's cash balances, are the key measures of the Company's liquidity. The Company's cash is subject to regular daily, weekly and monthly cycles that are factored into long-range cash flow forecasts, which are regularly updated and reviewed by management.

These forecasts determine adequacy of the Company's liquidity facilities, and the timing of drawings and repayments under the above facilities.

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.

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 2021				
Revolving Credit Facility	-	-	-	-
Lease liabilities	13.1	11.2	0.6	-
Trade and other payables	762.0	2.5	-	-
At 31 March 2022				
Revolving Credit Facility	-	-	-	-
Lease liabilities	12.4	10.4	0.5	-
Trade and other payables	669.5	-	-	-

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

Notes to the Financial Statements (continued)

16. Financial Risk Management (continued)

e) Capital Risk

The Company defines capital as total equity. Camelot's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company has had access to significant credit facilities during the year as disclosed in note 14. The Company has in place sufficient capital resources through its trading and banking facilities to continue in operational existence for the foreseeable future (note 26).

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

The total carrying amount of Financial assets at amortised cost is £668.8m (2021: £704.3m), comprising Cash and cash equivalents of £131.7m (2021: £102.5m) plus Trade and other receivables (excluding prepayments) of £537.1m (2021: £601.8m).

The total carrying value of Financial assets at fair value through profit and loss is £41.6m (2021: £82.7m), 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.

The total carrying amount of Financial liabilities at amortised cost is £640.2m (2021: £740.5m), comprising Trade and other payables (excluding advance receipts) of £619.7m (2021: £718.7m) plus Financial liabilities as disclosed on the Balance Sheet of £20.5m (2021: £21.8m).

17. Financial Liabilities

a) Current liabilities: amounts falling due within one year

	2022 £m	2021 £m
Lease liabilities	10.6	11.3
At 31 March	10.6	11.3

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 16(d).

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

	2022 £m	2021 £m
Lease liabilities	9.9	10.5

Of the lease liabilities held in non-current liabilities, £9.9m (2021: £10.5m) fall due after one year, but in not more than five years. No lease liabilities fall due after five years (2021: £nil). Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 16(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 2020	13.3	20.9	34.2
Non-Cash Movements			
Additions	0.1	-	0.1
Interest expense related to lease liabilities	0.7	1.9	2.6
Cash Movements			
Repayment of lease liabilities (including interest)	(5.3)	(9.8)	(15.1)
At 31 March 2021	8.8	13.0	21.8

17. 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 2021	8.8	13.0	21.8
Non-Cash Movements			
Additions	3.7	5.9	9.6
Disposals	(0.1)	-	(0.1)
Interest expense related to lease liabilities	0.5	1.3	1.8
Reclass balance from accruals	-	0.5	0.5
Cash Movements			
Repayment of lease liabilities (including interest)	(5.0)	(8.1)	(13.1)
At 31 March 2022	7.9	12.6	20.5

The total cash outflow for leases in 2022 was £13.1m (2021: £15.1m). 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 11 for disclosure on the right-of-use assets.

18. Trade and Other Payables

a) Current liabilities

	2022 £m	2021 £m
Prize liability	396.1	460.1
Lottery Duty payable	79.7	93.8
Amounts payable to the NLDF	18.6	27.9
Advance receipts for future draws	49.8	45.8
Accruals	51.6	51.7
Other payables	54.4	51.8
Trade payables	16.9	28.6
Amounts due to related parties	2.4	2.3
At 31 March	669.5	762.0

The Prize liability represents both unclaimed prizes and amounts planned for future prize payments at 31 March 2022, and the Company had transferred £380.1m into the relevant trust accounts to meet these liabilities (2021: £443.2m). Advance receipts for future draws represent multi-draw and subscription payments relating to future draws.

Other payables mainly represent deposits received from, and prizes won by, players which are held in their interactive wallets. It also includes retailer bonds of £6.4m (2021: £6.7m). Amounts due to related parties are unsecured, interest-free and repayable on demand.

b) Non-current liabilities

	2022 £m	2021 £m
Accruals	-	2.5

Non-current accruals in 2021 represent long-term staff incentives and the effect of spreading maintenance payment-free periods over the term of the service contract. The liability will be released over the contract term. These accruals have been transferred to current liabilities in 2022.

Notes to the Financial Statements (continued)

19. 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 2022, the offset amounts are as follows:

	2022 £m	2021 £m
Deferred tax assets:		
To be recovered after more than 12 months	14.3	10.2
To be recovered within 12 months	-	-
Deferred tax assets	14.3	10.2

	2022 £m	2021 £m
Deferred tax liabilities:		
To be settled after more than 12 months	-	-
Deferred tax liabilities	-	-
Deferred tax assets (net)	14.3	10.2

The gross movement on deferred tax is as follows:

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2020	3.1	4.9	8.0
Credit/(charge) to the Statement of Comprehensive Income	2.5	(0.3)	2.2
At 31 March 2021	5.6	4.6	10.2

	Accelerated capital allowances £m	Provisions and accruals £m	Total £m
At 1 April 2021	5.6	4.6	10.2
Credit/(charge) to the Statement of Comprehensive Income	0.7	(0.2)	0.5
Changes in applicable tax rate	2.2	1.4	3.6
At 31 March 2022	8.5	5.8	14.3

20. Provisions for Liabilities and Other Charges

	Terminal and data communication related £m	Property £m	Restructuring £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2020	10.2	3.2	0.3	12.4	0.6	26.7
Charge to Statement of Comprehensive Income	-	-	-	2.4	0.1	2.5
Additions	0.5	-	-	-	-	0.5
Utilised in the year	-	(0.1)	(0.1)	(4.9)	(0.2)	(5.3)
At 31 March 2021	10.7	3.1	0.2	9.9	0.5	24.4

	Terminal and data communication related £m	Property £m	Restructuring £m	Long-term incentive plan £m	Other £m	Total £m
At 1 April 2021	10.7	3.1	0.2	9.9	0.5	24.4
(Credit)/Charge to Statement of Comprehensive Income	(0.3)	0.3	0.7	2.5	-	3.2
Additions	2.5	-	-	-	-	2.5
Released	-	-	-	(0.6)	-	(0.6)
Utilised in the year	-	-	(0.2)	(6.2)	-	(6.4)
At 31 March 2022	12.9	3.4	0.7	5.6	0.5	23.1

Provisions have been classified between current and non-current as follows:

	2022 £m	2021 £m
Current	2.6	6.6
Non-current	20.5	17.8
	23.1	24.4

Terminal and data communications-related provisions include: a 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. This provision will be fully utilised by the end of the third licence extension period. Non-cash additions of £2.5m are recognised in property, plant and equipment primarily as a result of the extension to the third licence, CPI expectations and including point of sale equipment.

Property provisions comprise the dilapidation provision which is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreements.

The restructuring provision relates to severance costs.

The long-term incentive plan provision relates to future amounts payable to senior management in line with the Company's performance criteria when the Company has a present legal or constructive obligation to incur this cost. Payments under the schemes disclosed above are expected to be made in each financial year, with the final payments for the last years of the scheme being paid in 2024/25.

Other provisions primarily relate to provisions for future legal costs where there is a present legal or constructive obligation to incur this cost.

Notes to the Financial Statements (continued)

21. Share Capital

a) Authorised and allotted share capital as at 31 March:

	2022 £	2021 £
Authorised		
1,000 (2021: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2021: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010

	2022 £	2021 £
Allotted, issued and fully paid		
1,000 (2021: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2021: 10) preference 'C' shares of £1 each	10	10
	1,010	1,010

b) Analysis of shareholding at 31 March 2022 and 31 March 2021

	Number of 'A' shares	Number of 'C' preference shares	Percentage holdings
Premier Lotteries UK Limited	1,000	3	99.3%
Fourmoront Corporation	-	7	0.7%
	1,000	10	100.0%

c) Rights and obligations

Income:

In the current year, a fixed dividend of £1,000 per share (2021: £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:

- first, in paying to the holders of 'C' preference shares, the sum of £1 in respect of each 'C' Preference share.
- 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.

22. Reserves

	Note	Retained earnings £m	Total £m
At 1 April 2020		47.3	47.3
Profit for the financial year		78.1	78.1
Dividends paid	8	(47.4)	(47.4)
Net increase in shareholders' equity		30.7	30.7
At 31 March 2021		78.0	78.0

	Note	Retained earnings £m	Total £m
At 1 April 2021		78.0	78.0
Profit for the financial year		81.6	81.6
Dividends paid	8	(81.6)	(81.6)
Net increase in shareholders' equity		-	-
At 31 March 2022		78.0	78.0

23. Cash Generated from Operations

	2022 £m	2021 £m
Profit for the financial year	81.6	78.1
Adjustments for:		
- Income tax	10.8	17.1
- Depreciation, amortisation and impairment	47.3	44.6
- Finance income	(3.3)	(3.4)
- Finance costs	2.2	3.1
	57.0	61.4
Changes in working capital:		
- (Increase)/Decrease in Inventories	(0.5)	0.3
- Decrease/(Increase) in trade and other receivables	68.8	(34.2)
- (Decrease)/Increase in trade and other payables	(94.1)	34.5
- (Decrease) in provisions for other liabilities and charges	(3.8)	(2.8)
	(29.6)	(2.2)
Cash generated from operations	109.0	137.3

Notes to the Financial Statements (continued)

24. Financial Commitments and Contingent Liabilities

At the year end, expenditure relating to the purchase of software development totalling £4.4m was contracted for in the year but not yet incurred (2021: £8.5m).

A contingent liability of £13.6m exists between the Company and Camelot Business Solutions Limited (CBSL) whereby, in the event that Camelot is awarded the fourth National Lottery licence, the Company will reimburse CBSL for all of CBSL's general business development activity undertaken prior to 1 April 2020 (2021: £13.6m). This continues to be disclosed following the Gambling Commission's announcement of Allwyn Entertainment Ltd as the Preferred Applicant pending the outcome of the ongoing legal challenge.

In the course of doing business as a regulated entity, the risk can arise of potential legal or regulatory non-compliance action against Camelot. Where deemed necessary, the Company will obtain advice and make financial provisions as appropriate.

25. Pension Arrangements

In line with UK legislation, the Company auto-enrols employees into the Group Personal Pension Plan, which is accounted for as a defined contribution pension scheme. All amounts payable under these schemes are charged to the Statement of Comprehensive Income as they fall due, and totalled £3.3m in the current year (2021: £3.0m).

26. Contingency Financing

Camelot has a contingency financing arrangement with its ultimate controlling party, Ontario Teachers' Pension Plan Board (Teachers'). Teachers' has made available to the Company, in aggregate with its parent company, Premier Lotteries UK Limited, further funding up to £30.0m in one amount or in a series of amounts which may, at Teachers' option, be (in each case) either in the form of equity, loans or other instruments or securities.

An obligation to make such contribution only exists where:

- the continued operation of Camelot's business and/or the financial soundness of its parent is threatened;
- provided that the Company can demonstrate that the underperformance is not attributable to regulatory change;
- no default whatsoever is continuing, or forecast to continue or occur for the balance of the term, of any of the financing arrangements to which its parent and/or the Company is a party to, other than a default which would be remedied by the receipt and application of the contribution.

Once the aggregate of the commitment has been made available, there is no obligation or liability for Teachers' to provide any further contribution to either Company. Furthermore, obligations under this arrangement will terminate upon termination of the third licence.

27. Related Party Transactions

The Company is controlled by Premier Lotteries UK Limited (incorporated in the UK), which owns 99.3% of the Company's shares. The Company's ultimate UK parent is Premier Lotteries Investments UK Limited. The Company's ultimate controlling party is the Ontario Teachers' Pension Plan Board.

During the course of the year, Camelot entered into the following transactions with 'Services aux Loteries en Europe SCRL' (SLE), a société coopérative à responsabilité limitée incorporated in Belgium. Camelot has an investment in SLE. 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.

	2022 £m	2021 £m
Purchases	0.7	1.6
Amounts due to SLE	0.3	-
Sales	0.1	0.1
Amounts due from SLE	0.4	-

27. Related Party Transactions (continued)

Camelot transacted with fellow subsidiary related parties, Camelot Global Lottery Solutions Limited (CGLSL), Camelot Business Solutions Limited (CBSL), Premier Lotteries Capital UK Limited (PLCUK) and Premier Lotteries UK Limited (PLUK) during the year. CGLSL is principally focused on managing a programme of projects to generate revenue for the Group companies. CBSL acts as agent for Camelot to prepare a bid for the fourth National Lottery licence, on behalf of Camelot.

Amounts due to and from related parties are unsecured in nature, and are due on demand. Amounts due from related parties below include the £26.0m (2021: £26.0m) loan to PLUK (note 13).

	2022 Sale of services £m	2022 Amounts due from related party £m	2021 Sale of services £m	2021 Amounts due from related party £m
Camelot Global Lottery Solutions Limited	0.4	1.1	0.6	-
Camelot Business Solutions Limited	-	2.2	-	2.5
Premier Lotteries UK Limited	-	28.3	-	27.0
Premier Lotteries Capital UK Limited	-	0.7	-	-

	2022 Purchase of services £m	2022 Amounts due to related party £m	2021 Purchase of services £m	2021 Amounts due to related party £m
Camelot Business Solutions Limited	15.2	1.7	13.2	-
Premier Lotteries Capital UK Limited	-	-	-	0.7
Camelot Global Lottery Solutions Limited	10.7	0.7	12.4	1.5

The value of sales and purchases in the table above includes operating expenses allocated between Group companies, as well as intercompany recharges (mainly payroll-related transactions).

Sales/Purchases of services between related parties are stated on an invoice basis.

During the year, the Company also paid dividends totalling £81.6m (2021: £47.4m). In addition, the following cash payments were made in respect of group taxation relief during the year:

	2022 £m	2021 £m
Premier Lotteries UK Limited	0.2	1.4
Premier Lotteries Capital UK Limited	1.4	2.8
Camelot Business Solutions Limited	0.2	3.0
Camelot Global Lottery Solutions Limited	0.1	1.5
	1.9	8.7

Information regarding compensation paid to key management is disclosed in note 5. All related party transactions are based on normal financial terms.

Notes to the Financial Statements (continued)

28. Subsidiary Undertakings

Camelot Lotteries Limited
National Lottery Enterprises Limited
CISL Limited

These subsidiaries have share capital, equal to the net assets, of £5 in total. This amount represents Camelot's cost of investment in these subsidiaries. They are not material for the purpose of giving a true and fair view for these financial statements, and therefore have not been consolidated in accordance with the Companies Act 2006 s.393. These companies are 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 is Magdalen House, Tolpits Lane, Watford, United Kingdom, WD18 9RN.

29. Post-Balance Sheet Events

On 15 March 2022, the Gambling Commission announced that Allwyn Entertainment Ltd is the Preferred Applicant for the fourth licence to operate The National Lottery and Camelot was given Reserve Applicant status. In April 2022, Camelot launched a legal challenge in its capacity as an applicant for the fourth licence. This legal challenge is ongoing through the UK courts and the outcome is unknown at the time of approval of the Annual Report and Accounts.

**Camelot UK Lotteries Limited
Registered and Head Office**
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Watford WD18 9RN

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Northampton NN4 7EX

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London WC2E 7EN

Registered in England and Wales
Company Number: 02822203
Incorporated and domiciled in the UK

Limited assurance of the 'Doing Business
Responsibly' section of the Annual Report
(pages 148 to 183) was undertaken
by Corporate Citizenship.
(www.corporate-citizenship.com)



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Bankers
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Suited To Help, a National Lottery-funded project based in Plymouth, provides unemployed veterans like Howard Dunn with donated work clothes, allowing them to make a smart – and, in Howard's case, successful – impression at job interviews

