

ALLWYN ENTERTAINMENT LTD
ANNUAL REPORT AND ACCOUNTS 2024

allwyn



INSPIRING

THE NEXT DECADE OF THE NATIONAL LOTTERY

CHANGING LIVES EVERY DAY

Allwyn Entertainment Ltd is the operator of The National Lottery in the UK.

We are part of Allwyn, a leading multi-national lottery operator that operates lotteries in Austria, the Czech Republic, Cyprus, Greece, Italy¹ and the UK. It also operates the Illinois lottery under a private management agreement in the United States.

Following a competitive process, Allwyn Entertainment Ltd ("Allwyn") became the first new operator in 30 years to take the helm of The National Lottery, on 1 February 2024.



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1 In Italy, the Group holds a 32.5% interest in Lottolitalia, a joint venture with IGT Lottery

Allwyn at a glance



Our vision

Allwyn's vision is for The National Lottery to 'change lives every day'.

This means not only for the players who win life-changing prizes; it changes the lives of the millions who benefit from the over £32m on average, that The National Lottery raises for Good Causes every week.

Allwyn's goal is to rekindle the magic of The National Lottery: the excitement of playing, the joy of winning and the positive role it plays in bringing people together. Indeed, we are focused on our ambition to double returns to Good Causes from an average of £30m to £60m a week, by the end of our 10-year licence, while further championing its impact.

Our core values

Allwyn's values are to be Trusted, Inclusive and Innovative, and we set our goals and measure our performance against them.



Trusted



Inclusive

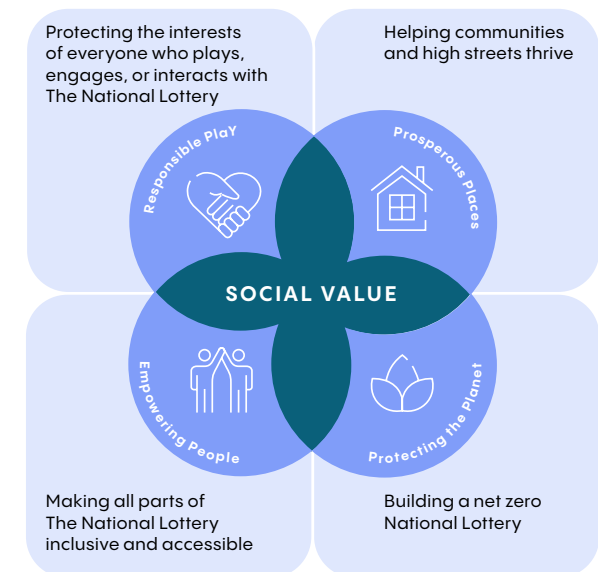


Innovative

The way we do business

As steward of The National Lottery, we care about the way in which we operate and are committed to doing business responsibly. Therefore, operating with integrity, protecting Participants and driving social value underpins everything we do. This informs every aspect of our business, including how we design and build new lottery products, operate our business, collaborate with stakeholders and report on our progress.

Allwyn's Social Value Framework forms an integral part of this strategy and is founded on four pillars:

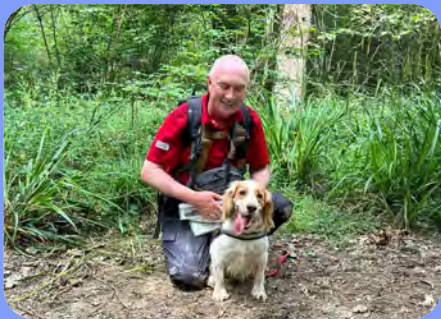


2024 highlights and achievements

Good Causes and society

Returns to Good Causes of

£1.6 billion



£32 million

raised,
on average,
every week

With more than

£50 billion

raised since 1994

Over

£850 million

paid in Lottery Duty in 2024

Winners

£4 billion+

awarded in prizes

349

millionaires made



7,400+

millionaires created and

£95 billion+

in prizes awarded since 1994

Investment

Invested

£342 million

in our comprehensive plans to substantially improve The National Lottery's operations and technology, following years of underinvestment

Across our

43,500

retail partners, we're already delivering a new modern, sustainable National Lottery in-store experience

Opened a new

eco-friendly

warehouse to help us on our journey to deliver a net zero National Lottery

Increased the size of our retail sales team by

50%

significantly enhancing retailer support

Paris 2024

The National Lottery is the largest funder of the UK's Olympian and Paralympians, supporting over

1,000

athletes across 40 individual sports

ParalympicsGB achieved a magnificent

124

medals in Paris



Welcomed athletes home with two star-studded homecoming events in Manchester and Birmingham, attended by

20,000

National Lottery players

2024 highlights and achievements *continued*

30th birthday

Celebrated The National Lottery's

30th birthday

on 19 November 2024

2,000+

National Lottery-funded organisations took part in #NationalLottery30 campaign

Launched a special edition birthday Scratchcard featuring hero logo:

30 years of changing lives

'30 Game Changing Moments' exhibition by photographer Thomas Duke took place at the National Portrait Gallery



Participant protection

Our retail partners now adhere to

'Challenge 25'

10 Implemented pioneering 10 Scratchcard per transaction limit



92.3%

best ever pass rate for our Operation Guardian underage mystery shopping visits

Committed to spend

£1.6 million

annually to Research, Prevention and Treatment of gambling-related harms

Allwyn Social Value Fund

£100,000

ChangeMakers Fund launched to support athletes to set up their own social value activities

Allwyn's

£1 million

Social Value Fund helps communities and high streets thrive

1,000 stores nominated as Local Retail Champions, recognising retailers who go above and beyond to support their local community



Funded two exciting new campaigns:

ChangeMakers and Local Retail Champions

Games and channels

Launched

122 new Instants games,

including the UK's first-ever scented Scratchcard

1,100+

new retail outlets, including 600 independent retailers



30 million+

UK adults routinely play National Lottery games

11.1 million

digital players, an increase of over 300,000 in 2024

Chair's statement

INVESTING FOR THE FUTURE

Justin King
Chair



Over the last 30 years, The National Lottery has become one of the great UK success stories. Beyond raising more than £50bn for Good Causes, The National Lottery has made a crucial contribution to the spirit of national life, helping to bind communities, unleash talent and realise dreams.

A seamless transition

In February 2024, Allwyn became The National Lottery's new operator for the next 10 years with a deep sense of excitement and responsibility. And this transfer to the first new operator in 30 years was a complicated task. The decision by Allwyn Group to acquire Camelot for £119m in February 2023 helped ensure a smooth handover, as well as the incredible work done by colleagues across both businesses, thereby ensuring lottery operations continued seamlessly for players and retailers alike on 1 February.



It is our firm belief that there is a significant opportunity to re-energise The National Lottery, which has become somewhat stagnated from a lack of investment over recent years; indeed, only £72m was invested over the final five years of the Third Lottery Licence. We're fortunate not only to have the benefit of Allwyn's international lottery experience but also their investment. We have already invested £342m¹ in the transition process and have started to implement our plans to begin transforming it. While this outlay has resulted in an operating loss in the year, this was to be expected and is part of our wider plans for growth over the decade-long licence.



¹ This includes all Implementation Costs in the Annual Report and Accounts and related capital assets.

Chair's statement continued

A start to celebrate

The Fourth Licence introduces a new economic model that aligns incentives for the operator and Good Causes¹. Our success is directly linked to delivering responsible growth and innovation that benefits Good Causes, while requiring significant upfront investment in modernisation with a fair return over the Licence period. This is quite different to the previous three National Lottery licences².

It is therefore encouraging to note that, in addition to the successful go-live as operator of The National Lottery, we delivered a strong performance that met stakeholders' high expectations as we began our 10-year journey. The year saw, on average, over £32m raised for Good Causes every week, totalling over £1.6bn, while HM Treasury received over £850m Lottery Duty.

This is not to say we don't have challenges to overcome. Perhaps the largest of which is the upgrading of The National Lottery's technology infrastructure, which has seen no significant investment since 2009. This has long constrained new product development and innovation.



¹ Fourth National Lottery Licence: Regulatory Handbook 5.18
² Investigation: National Lottery funding for Good Causes

This comprehensive upgrade includes a new core gaming system, new retail terminals across over 40,000 locations, migration to a new modern network provided by Vodafone, as well as the transfer of tens of millions of lines of data. Our winning bid contained a commitment to undertake a transition of this scale and complexity, with all the elements envisaged to be upgraded at the same time, which has never been done before.

In recognition of this, the Fourth Licence Competition assumed a new operator would need almost two years to build and introduce a new technology platform. However, legal challenges against the Gambling Commission, following the Licence competition from several parties disappointed with the outcome, significantly impacted the timetable.

This has also meant planning and delivery of the technology transformation has needed to take place alongside day-to-day operations of The National Lottery – something never envisaged under the Competition.

As a result, during the year, we took the prudent decision to extend the testing phase for the technology transition, recognising the risk to the operations of The National Lottery in cutting over from the legacy system prematurely to the new one. Every decision we make is to protect the integrity of The National Lottery and returns to Good Causes. We remain focused on completing this final testing phase at the earliest and safest opportunity in the best interests of The National Lottery.



Success requires responsibility

Our ambition not only focuses on growth, but on how we achieve it. In 2024, the Board directly oversaw our commitment in this area – making sure we lead the way in safeguarding the interests of all players, and embedding social value throughout our operations. These actions include the commitment to contribute £1.6m to Research, Prevention and Treatment of gambling-related harm, as well as introducing a social value performance component to bonuses for all colleagues.

Fitzrovia Youth in Action has received

£800,000

in lottery funding to empower young people

A future for growth

Over the year, a key highlight for me was witnessing what is made possible by National Lottery players. Whether this was seeing British athletes' achievements at the [Paris Olympic and Paralympic Games](#) or through visits I made, alongside my Board colleagues, to National Lottery-funded projects. One such visit, to Fitzrovia Youth in Action, which has received £800,000 in lottery funding to empower young people, yet again reinforced the importance of what we do.

In my second year as Chair, I've seen first-hand our colleagues' calibre and dedication during this transition. My heartfelt thanks go to them, our Board, our shareholder and our retail partners for embracing all the changes that our new relationship required.

I look forward to 2025 as we continue building on the strong foundations we've established in 2024.

Justin King

Chair

29 July 2025

CEO's statement

A STRONG AND SUCCESSFUL DEBUT YEAR

Andria Gibb

Chief Executive Officer



We can look back on 2024, our first year as operator of The National Lottery, with a great deal of pride.

It was marked by significant achievements and milestones, not least The National Lottery's 30th birthday. It was on 19 November 1994 that the UK first heard the immortal phrase "release the balls!", which heralded a cascade of over £95bn in prizes over the next three decades. In the process, The National Lottery has now created more than 7,400 millionaires or indeed multi-millionaires.

Perfectly timed for its birthday, we also celebrated players raising a magnificent £50bn for National Lottery-funded projects.

Against this remarkable backdrop, we were deeply honoured to become The National Lottery's new stewards, effective from 1 February 2024. This marked the first change of operator in The National Lottery's history.

I'm proud to say that our team, our retail partners and every key stakeholder embraced the opportunity of this compelling new chapter. Both financially and operationally, we delivered a great year, following a seamless transition from the former operator, Camelot.

Among the many highlights in the 11 months of 2024, we achieved:

Total sales of

£7.1 billion

Returns to Good Causes of

£1.6 billion

On average, each week

£32 million

raised for Good Causes.

Prizes for players

£4.0 billion

New millionaires created

349



CEO's statement continued

A look behind the numbers

Across our portfolio, we generated a strong performance in 2024. Momentum continued through the year culminating in an exceptional Christmas trading period, with the Lotto Christmas event delivering record sales for a Wednesday event during this period, along with the highest number of Instant Win Game players and sales.

Draw-Based Games: these games are the cornerstone of our portfolio, with sales of £4,258.0m. EuroMillions had a particularly strong year, partly due to high rollovers and exciting jackpot events over the year. This saw the third-highest prize ever won in The National Lottery's history, when an anonymous player in the UK found themselves holding a winning ticket worth £177m. Across the UK, we saw huge excitement in the run up to the draw, with over 10,000 players a minute signing into The National Lottery App. Set For Life also had a good year, supported by a new advertising campaign, creating a record number of top prize winners.

Instant Games (Scratchcards and Instant Win Games) sold £2,884.2m over the year. We re-energised our Scratchcards with novel games, such as a range of Christmas-themed games, and rounded off the year with a special Christmas campaign, inviting the nation to 'add some play' to their celebrations. Instant Win Games, in particular, had a strong year, buoyed by more frequent game releases and exciting new games, such as Cashbolt Level Up and the return of Monopoly Gold.

Digital sales grew by 5% to £3,440.5m (this is compared to the last 10-month period in the Third Licence of £2,975.3m, which turned into an 11-month equivalent of £3,272.8m). Sales were driven through the mobile App – which continues to be the preferred digital method of play device and was downloaded over 730,000 times in 2024. With 11.1 million digital players, and an increase of over 300,000 active players, The National Lottery is a leading global digital lottery and national-lottery.co.uk remains one of the leading e-commerce sites in the UK.



Retail sales: with sales of £3,701.7m, retail remains our largest sales channel, with a network of over 43,500 National Lottery retail outlets. During 2024, we added over 1,100 new terminals as well as new distribution channels, including a partnership with Morrisons Daily forecourts and home delivery platform Snappy Shopper. In addition to The National Lottery providing increased footfall and basket spend for retailers, our retail partners received over £200m in commission in 2024.

Rolling up our sleeves

In addition to successfully managing the transition and bringing the two companies together, we immediately set to work on numerous fronts to revitalise The National Lottery's brand, offering and effectiveness – by starting to bring its magic back. The driving force behind everything we do is our longer-term ambition to double the amount we raise for Good Causes, from the average £30m that was raised historically every week to £60m by the end of the licence.

Technology is a critical focus; there has been no significant upgrade in The National Lottery's IT capability since 2009 – an eternity in terms of technology. During the year, we migrated much of our data to cloud platforms and made steps on the journey to removing physical data centres. We also maintained an exceptional uptime of 99.99% across our retail estate; delivered 40 software releases; and achieved recertification to the latest versions of the security ISO270001 and PCI DSS standards.

We are committed to ensuring the foundation we create at the start of the Fourth Licence enables us to take The National Lottery into the next generation. The decision to extend the testing for the technology upgrade was made to protect The National Lottery's integrity and, ultimately, to make sure we maximise returns to Good Causes. We remain focused on completing this upgrade at the earliest and safest opportunity.

CEO's statement continued



Our retail partners now benefit from a dedicated Scratchcard fulfilment team in a brand new, low-carbon warehouse in Warrington, while retailers have twice the amount of face-to-face contact and support with us, following 60 new field sales colleagues coming on board.

Our retail estate is receiving a comprehensive overhaul: some of our 43,500 retail outlets have begun receiving a new suite of Permanent Point of Sale (PPOS), new software and a new network implemented by Vodafone. Early indications from stores with this new PPOS – which includes an illuminated Scratchcard dispenser and a new sustainable Playstation – show a sales uplift of over 3%.

Communicating the transformative effect of National Lottery funding has also been central to our activity, showing its economic, cultural and societal impact now and in the future.

Our 30th birthday activity showcased the extraordinary changes made possible by the £32m raised by National Lottery players each week, while the amazing successes of our Olympians and Paralympians in Paris reminded players that, by playing National Lottery games, they are directly supporting these achievements.

We also celebrated the extraordinary people and amazing difference they have made thanks to National Lottery funding through The National Lottery's Big Bash, a star-studded concert that brought together some of the biggest artists in music for some show-stopping performances and one-off collaborations.

Underpinning our business is our Social Value Framework, and the social and environmental contributions we can make in everything we do. Throughout the year, we have sought to embed social value throughout our business, from supporting our suppliers to reduce their own carbon emissions; to Allwyn achieving Disability Confident Leader (Level 3); and to moving to our new zero-gas office in London, which requires no fossil fuels. See [Social Value Section](#).

In the same vein, amidst ambitious growth plans, we maintain a laser-focus on safeguarding and advancing interests of all players. We have already made huge strides in this area during the year. For example, our underage mystery shopper programme – Operation Guardian – achieved its highest ever pass-rate, while we also became a Level 2 member of the National Council of Problem Gambling Gift Responsibly Campaign.



Now for the next level

We are especially proud we could deliver this result while also addressing a formidable transition agenda including: transferring more than 1,000 colleagues to Allwyn; re-contracting with more than 23,000 independent retailers (including over 2,800 independent Postmasters who now partner directly with The National Lottery for the first time and consequently benefit from an increase in direct support and sales commission), while maintaining business as usual throughout.

At the close of this memorable first year, I'd like to thank everyone across The National Lottery family for their exceptional commitment. I'd also like to thank our Board for their support, wisdom and counsel, and our retail partners who are such an important part of our success on the ground. And, most importantly, my colleagues, who have embraced change and are already delivering on our new ambitions.

The National Lottery cannot stand still. We need to inject continuous innovation, ideas that quicken the pulse, and further technological advances to differentiate ourselves and meet our challenging goals for Good Causes. We will continue to build a National Lottery for everyone, and make it the nation's lottery. We have a big job to do.

Andria Gibb

CEO

29 July 2025

CEO's statement continued

Q&A

Who is Allwyn and why were you chosen as the new operator of The National Lottery?

We are part of a multinational company, with a track record of success in running lotteries in Europe and North America. They're a major employer with over 7,500 people and, in 2023, they generated revenues of nearly €8bn. They understand the nuances and characteristics of local markets, and create games that inspire people to play through getting the best from innovative technology.

We started operating The National Lottery on 1 February 2024 following our successful bid for the Fourth Lottery Licence Competition. The Gambling Commission, and its expert assessors, judged our bid to be the best – one that promised to modernise and grow The National Lottery responsibly.



What are your main priorities?

It's now time to bring a new wave of magic to The National Lottery, doing more to excite the 30 million players who engage with us over the course of a year. But, just as critically, we need to be inspirational and relevant to everyone, using data to better understand our current, as well as new players, who, we hope, will gain a lifetime's enjoyment from our games each week.

And where does that magic you mention come from?

A combination of things. We need to be highly creative in devising new and compelling games, and Allwyn's experience gained in other markets gives us an important advantage there. We also need to explore and push technology to unleash exciting new possibilities, and this is an area that has already received significant investment in time and resources.

There is only one National Lottery, so can you claim to be operating in a competitive market?

Absolutely, The National Lottery was specifically set up to be the only national-scale lottery in the UK – offering life-changing prizes to maximise money for Good Causes through large jackpots and economies of scale.

That intent has been lost in recent years, with industrial-scale lotteries and prize draws increasingly presenting themselves as pseudo-national lotteries but without the same level of regulation or transparency around good cause and prize contributions that The National Lottery adheres to, and without paying any Lottery Duty.

Allwyn's licence is for 10 years. What will success look like?

Well, we've put a bold figure on that by aiming to double the funds we generate for Good Causes from £30m to £60m a week by the end of the licence – with a relevant and re-energised National Lottery at its heart. But success will also be gauged by how we operate – so the steps we take to protect our players, our qualities as an employer and how we minimise our carbon footprint will also be important. In this first year, we've already made major strides in all of those areas, and this is just the beginning.

YEAR ONE ➤ OFF TO A SOLID START

The National Lottery is a national treasure. No national institution has done more for the UK's culture and communities over the past three decades. It changes lives every day, raising over £30m a week and has created over 7,400 millionaires since 1994.



But The National Lottery needs to evolve to keep up with a fast-changing world, having lost its magic and relevance in recent years. This demands that we put the consumer at the heart of everything we do, as we embark on a bold new 10-year transformation programme. It's built around four themes: Engaged Consumers, a Seamless Experience, Transformative Operations and Inspired People – and, all the while, staying true to how we do business.

Allwyn has already invested £342m¹ in these comprehensive plans to substantially improve The National Lottery's operations and technology, following years of underinvestment at the end of the Third Licence.

And much has been achieved in our first year – from celebrating The National Lottery's 30th Birthday, hitting £50bn for Good Causes, and watching our Olympians and Paralympians succeed in Paris. In parallel, we have started to deliver the transformation The National Lottery needs.



¹ This includes all Implementation Costs in the Annual Report and Accounts and related capital assets



Hitting the ground running

Our first step was to transfer operations from the former operator Camelot, re-contracting with thousands of retailers and migrating millions of Direct Debits, to name just two of the activities that ensured The National Lottery continued running seamlessly for players and retailers alike from 1 February 2024. This process was made easier by the acquisition of Camelot by Allwyn Group, an investment which significantly decreased the operational issues associated with the transition.

Then we got down to the business of starting our full transformation programme, alongside running The National Lottery on a day-to-day basis.

Across our 43,500-strong National Lottery retail estate, we're already delivering a modern, sustainable new suite of Permanent Point of Sale (PPOS); a new UK-wide network provided by Vodafone; and enhanced software for faster transactions and a better experience for retailers and players alike. And retailers now have a dedicated fulfilment team who ensure that they have everything they need to sell National Lottery Scratchcards effectively.

Independent National Lottery retailers are now able to sell Scratchcards online for the first time thanks to a partnership with online home delivery provider, Snappy Shopper. And we launched new retailer initiatives to reward and recognise the crucial role they play in our largest sales channel.

We launched 122 new games across Scratchcards and Interactive Instant Win Games. This included celebrating 30 years of The National Lottery with a '£300,000 Birthday' Scratchcard and even the UK's first-ever scented Scratchcard. And we've run fresh new campaigns for Lotto, Set For Life and Scratchcards.

Participant protection is at the heart of our strategy to grow The National Lottery responsibly. Our retailers now adhere to 'Challenge 25' and our Operation Guardian programme, which checks retailers are challenging players who appear under the age of 18, achieved its highest-ever pass rate of 92.3%. We also introduced a new 10 Scratchcard limit per transaction, one of the first lotteries in the world to do so.

And alongside operating The National Lottery on a day-to-day basis, we were also focused on undertaking the core technology transformation in parallel. This highly complex technology transition from the legacy platform – where the provider was unchanged since the start of The National Lottery in 1994 – will bring about the long overdue modernisation of our retail and digital offerings, providing the platform for growth over the Fourth Licence and beyond. During the year, we took the prudent decision to extend the testing phase for this unprecedented transition and modernisation. This has meant extending the date for technical cut over and we continue to work together with the Gambling Commission on the impact of this under the terms of the Enabling Agreement. We remain focused on delivering the new core systems at the earliest possible time set within the regulatory framework, and in the best interests of The National Lottery.

122

new Scratchcards and Interactive
Instant Win Games launched

WINNERS AND GOOD CAUSES

All year round, National Lottery players do a wonderful thing: they raise another £32m for Good Causes. Week in, week out.



Looked at over the life of The National Lottery, the figures are extraordinary. In 2024, it celebrated its 30th birthday while also hitting the milestone of raising a total of £50bn. This has been duly shared among hundreds of thousands of Good Cause projects across the UK.

Over the year we showcased and celebrated what the simple act of buying a ticket helps to do: from powering our athletes in the [Paris 2024 Olympic and Paralympic Games](#) to raising even more money through our joint [30th birthday celebrations](#).

500 National Lottery-funded venues and attractions also thanked players in Open Week in March with free entry, from the Giant's Causeway in Northern Ireland to the Highland Wildlife Park in Scotland, and others the length and breadth of the UK.

We also celebrated lesser-known projects. For example, with £3.2m of funding, the Royal Hospital Chelsea (home of the Chelsea Pensioners) was able to



transform a disused stable block into a visitor attraction and community hub. And that's not to mention the thousands of other local projects, grassroots sports teams and charitable causes that received funding over the course of the year.

From supporting the arts and sport sectors, to empowering local community groups and preserving iconic British landmarks, players' participation makes a difference every single day.

Fetch the fizz

Of course, we also celebrated our winners. In 2024, 349 people woke up as millionaires, sharing £782m between them.

The year's EuroMillions produced the UK's third biggest-ever win – a £177m jackpot won by an anonymous ticket holder.

Separately, Joanne Jobson from Hartlepool, who cared for children with disabilities, bought her own home, and booked a world cruise after she won the top prize – £10,000 every month for 30 years – on Set For Life in February.

Meanwhile, Lucky Luke Harris from Kent scratched his way to £1m on a National Lottery Scratchcard in October. He's one of 7,400 millionaires or multi-millionaires we've created since 1994. And, in total, The National Lottery has now awarded over £95bn in prizes.

£3.2 million

of funding was able to transform a disused stable block into a visitor attraction and community hub at the Royal Hospital Chelsea

SUPPORTING OUR CHAMPIONS:

> PARIS 2024



The National Lottery is the largest funder of the UK's Olympians and Paralympians, supporting over 1,000 athletes across 40 individual sports to compete in Paris 2024 and beyond.

This funding – distributed by UK Sport – is crucial because it allows athletes to commit full-time to their sport, with world-class training facilities, coaches and medical support.

Since National Lottery funding of elite sport was introduced in 1997, its impact has been transformative. Go back to 1996 and Team GB won a single gold medal at the Atlanta Games and finished 36th in the medal table. In recent years, they have consistently finished in the top four and brought home 14 gold medals from the Paris 2024 Games and 65 medals overall. Our Paralympians, meanwhile, achieved a magnificent 124 medals in Paris.

To mark the Paris 2024 Games, Allwyn launched its summer-long 'Paris 2024' campaign – which included a wide range of innovative TV, radio, digital, out of home and retail activations.



This included reactive advertising throughout the Games celebrating key medal moments, and a partnership with Channel 4 delivering two documentaries following National Lottery-funded athletes.

We also held a series of special event draws and launched a special edition £1 Scratchcard. And, to welcome the athletes home from Paris, Allwyn also staged two star-studded homecoming events in Manchester and Birmingham, attended by 20,000 National Lottery players chosen via a ballot.

All this activity saw immediate benefits, with YouGov measurement of positive brand sentiment for The National Lottery reaching some of its highest levels on record.

Great Britain's Olympic and Paralympic heroes were also invited to apply to a newly created 'ChangeMakers Fund', funded by [Allwyn's Social Value Fund](#).

CELEBRATING 30 YEARS AND > £50 BILLION OF SUPPORT

The National Lottery's 30th birthday on 19 November 2024 was certainly a day to celebrate. To mark this milestone properly we, in partnership with the wider National Lottery family, ran an eight-week event to truly celebrate all that had been achieved over the last 30 years.

From September through to the day itself, the landmark moment was celebrated by revealing 30 Game Changing people whose inspirational work would not have been possible without National Lottery funding. They spanned communities, heritage, arts and sport, and their stories were told using striking installations at National Lottery-funded venues across the UK.

The widespread good that National Lottery funding brings to the UK was felt further through the #NationalLottery30 campaign. Over 2,000 National Lottery-funded organisations told their own game-changing stories across social media and beyond.

£95 billion

in prizes have been won since 1994

A special '30 Game Changing Moments' exhibition was also mounted by photographer Thomas Duke at London's National Portrait Gallery. He captured some of the most memorable cultural moments of the past three decades made possible with the help of National Lottery funding.

They ranged from Shakespeare's Globe Theatre; to the iconic movie *Bend It Like Beckham*; to The Kelpies unveiled in Falkirk; and Michael Sheen performing *The Passion in Port Talbot*.

We capped off the 30th birthday celebrations with The National Lottery's New Year's Eve Big Bash, which was later shown on ITV.



30 years of millionaire-making

Alongside the Good Causes activity, we also celebrated our winners' stories. This culminated in a portrait by celebrity photographer Rankin, showing 30 millionaires created over the last three decades. They represented just a fraction of the 7,400 millionaires created, and who are part of the many thousands of recipients who have shared in over £95bn in prizes since 1994.



OUR > SOCIAL VALUE FUND



As part of Allwyn's commitment to doing business responsibly, it has created its own Social Value Fund. This is separate and in addition to the funding that National Lottery players raise for Good Causes, and promises to distribute £1m a year to help communities and high streets thrive.

In 2024, we launched two exciting new campaigns through this fund.

ChangeMakers' programme

ChangeMakers brought an extra dimension to the existing lottery funding of our Paris 2024 Olympians and Paralympians.

Allwyn partnered with UK Sport, Team GB and ParalympicsGB to give athletes the chance to champion causes they are passionate about, through three initiatives:

ChangeMakers' events

More than 100 athletes attended community events following their return from Paris 2024, each paired with a project that mattered to them.

ChangeMakers' fund

We launched a £100,000 ChangeMakers Fund to support athletes who want to make a difference by setting up their own social value activities.

ChangeMakers' cohort

Working with UK Sport to deliver a programme which gives athletes the skills, knowledge and confidence to have a long-term positive impact on communities.

Local Retail Champions

Retail is our largest sales channel, and through our Local Retail Champions campaign, we asked the public to nominate retailers who had gone above and beyond to support their local community. From nearly 1,000 stores nominated, we selected two national winners, 16 regional winners and 100 runners-up.

One of the national winners was Coldean Convenience in Brighton, run by Raj and Manish Suchak. Their amazing community work includes creating a safe space for those who need it, donating generously to local food banks, providing all the food for a local school's breakfast club and fundraising for the local cat shelter. In addition to a £5,000 cash prize, they also won a social value store makeover worth up to £20,000.



Market overview

Introduction

The economy in 2024 presented a continued challenge, with an unstable macro-economic environment created by inflation and the cost-of-living crisis. This put more pressure on the consumer wallet, which in turn challenged growth.

In parallel, the ever-increasing use of digital platforms and social media has changed how media, gaming and entertainment is consumed, raising players' expectations for engaging and safe digital experiences.

In the retail environment, shopping behaviour continues to evolve, with a greater use of technology to deliver convenience. This has created new ways to shop and buy in-store such as self-checkouts and scan and go, and new retail formats such as collection hubs and on-demand deliveries.

Consumers are also focusing more of their time and attention on sustainable businesses with a clear purpose, so it is important for Allwyn (and other lottery and gambling businesses) to be transparent and trustworthy – particularly in relation to data and Participant protection.

The increasing numbers of dynamic digital journeys have brought opportunities for easy and spontaneous play, with entertaining and social features creating enhanced experiences.



Competitors

The market remains dynamic with competition intensifying. This stems from society lotteries and, more recently, more new entrants in the form of raffles and prize competitions, as well as digital entertainment offerings.

The National Lottery was specifically set up to be the only national scale lottery in the UK through large jackpots and economies of scale.

That intent has been lost in recent years, with industrial scale society lotteries and prize draws increasingly presenting themselves as pseudo-national lotteries but without the same level of regulation or transparency around Good Causes that The National Lottery adheres to, and without paying any Lottery Duty.

Frontier Economics research estimates that competition from industrial-scale society lotteries has, between 2011-2022, cannibalised 67p of every £1 that would otherwise have been spent on The National Lottery, reducing National Lottery sales by £2.8bn, and its returns to society of £1bn.

The sector has also seen increased marketing spend by competitors, meaning we have to ensure the best use of our marketing spend to maintain The National Lottery's market share and brand health.



Our business model

Who we work with

Our customers

These are our players and they're central to what we do. We want them to be excited by our games and feel that The National Lottery is relevant to everyone.

Our colleagues

We rely on our people to realise our ambitions for the next 10 years of our licence, by ensuring they're a proud part of this unique, consumer-led entertainment business.

Our stakeholders

(which include the Government, the Gambling Commission and The National Lottery Distributors) We work to ensure our stakeholders see us as a trusted operator, delivering world-class Participant protection while increasing returns for Good Causes.

Our retailers and other partners/suppliers

We collaborate with our partners to deliver world-class experiences.

National Lottery Promotions Unit and Good Cause beneficiaries

We work with these organisations to better connect players to the impact they have, every time they buy a ticket.

What we do

Our role is to raise money for Good Causes in a responsible way, and we do this through:



Games

we offer a balanced and exciting portfolio of National Lottery games that complement, rather than compete against, each other. We will continue to evolve our games, responsibly attracting the broadest possible player base. We will also run campaigns and initiatives to bring people together and better connect them to The National Lottery's unique purpose.



Multi-channel experiences

we offer our games through two primary channels of retail and digital. We work hard to continuously provide players with a seamless experience, allowing them to play responsibly where, when and how they want.



Innovation

we prioritise continuous innovation to drive value creation, leveraging emerging technologies and data, market trends and customer insights to deliver cutting-edge solutions that meet evolving needs.

How we do it



Everything we do is underpinned by our commitment to our three core values, to be:



Trusted



Inclusive



Innovative

The value we create

Our colleagues

Nearly

500

members in Allwyn's community groups

Our customers

Over

30 million

people routinely play our games

Our stakeholders

Over

£32 million

a week raised for Good Causes

Our partners

Over

43,500

National Lottery Retailer Outlets

Our shareholder

Refer to the Chief Financial Officer's report for how the Fourth Licence remunerates the operator

Our strategy

By the end of this Fourth Licence, our ambition is to double the returns to Good Causes.

Our focus remains on responsible growth with 'lots of people playing a little', maintaining our independently recognised position of posing a very low risk of causing harm to players. See [The way we do business](#).



Seamless experience

We know that consumers' wants and needs continue to evolve. Digital experiences, for example, are expected to be seamless and easy, and retail shopping habits are increasingly focused on convenience, with self-checkout and home delivery of increasing importance. These are standards we seek to meet or even exceed, ensuring that our players can play responsibly where, when and how they want.



Transformative operations

The new licence also brings with it a new economic model that aligns incentives for the operator and Good Causes, benefiting The National Lottery-funded projects we serve.

As a result, we are investing significantly in our technology infrastructure. We will enhance The National Lottery's ability to deliver fun and engaging experiences throughout the 10 years of the licence term, across enhanced and expanded retail and digital channels, in a multi-year transformation.

Our new strategic partners, including Scientific Games International (SGI), and Vodafone, have been central to designing enhanced capabilities for the Fourth Licence. With SGI we have a range of platforms and extensive lottery experience, and Vodafone will deliver an upgraded National Lottery communication network infrastructure. This adopts a digital-first approach, which is easier to deploy, more manageable and helps support retailers to grow sales. The upgrade to the new core gaming system, deployment of new terminals and the move to the new network are key foundational elements of the planned transformation programme.



Engaged customers

While this work is underway, we continue to innovate our product portfolio, launching new instant games and offering players fresh new ways to share the play experience through gifting. Each game is establishing its own voice under the trusted National Lottery brand, with optimised promotions, payout structures and compelling reasons to play.



Inspired people

Creating a great place to work, enabling all colleagues to contribute their best work with a shared vision, is at the heart of everything we do.

Key performance indicators (KPIs)

Our primary financial KPIs are gross ticket sales, returns to Good Causes (amounts due to the National Lottery Distribution Fund) and the operating result after Implementation Costs. These are discussed in the [Chief Financial Officer's statement](#).

In addition, KPIs are maintained and reported on for a range of specific non-financial performance indicators across each key function of our operations. These assess both progress against strategic measures and licence compliance and include performance standards of player accessibility, service standards in player and retailer operations and metrics informing the meeting of outcomes as defined in the Fourth Licence.

All these KPIs are monitored on a regular basis by a number of executive-led steering groups, the Executive Team and the Board via the Compliance and Risk Management Committee.

KPIs are also reflected in bonus targets see [Remuneration Committee](#).

Key non-financial KPIs:

Commercial metrics:

KPIs around brand engagement and management and game participation include:

- key metrics to measure awareness of The National Lottery brand, penetration and propensity to play have been stable across the year.
- average weekly players, retention rates and rating of the App and website, which were broadly in line with targets for the year.

Strategy and Corporate Affairs metrics:

- KPIs monitoring media engagement (positive coverage) are monitored, which showed a strong positive media sentiment across the year.

Operational metrics:

- that players can access The National Lottery; to include terminal sales availability around number of stores, distribution of retail outlets and system availability. All operational primary metrics were on or above target.
- player and retailer experience including on-sale Scratchcard availability, net retail and inbound call satisfaction scores. After a period of change at the start of the Fourth Licence when we made significant changes to the Scratchcard distribution processes, moving all activity to the new distribution centre, these metrics were above target by the end of the year.
- operational incidents and their resolution which were on target in the year.

Technology metrics:

- availability including terminal sales availability and system availability for playing games digitally. Availability was between 99.9% and 100% across the key metrics.

Participant Protection metrics:

- metrics were on or above target in the year including the number of interventions delivered across retail and digital players and retailers passing the knowledge, excessive play and underage mystery shopper first time visits.

Other functional metrics:

- other functional areas including Security (measures which include monitoring incidents and response time), Data (monitoring the management and governance of the data assets), protection of player funds (monitoring the Trust Arrangements and Financial infrastructure) were all in excess of operational primary metrics over the year. Additionally, the People team supported the business in line with Transfer of Undertakings (Protection of Employment) (TUPE) regulations and to ensure no disruption for colleagues and The National Lottery.

Chief Financial Officer's report

A YEAR OF CHANGE

Alan Artz

Chief Financial Officer



This was a year of change for The National Lottery, as Allwyn took over the operation of the Fourth National Lottery Licence on 1 February 2024.

This licence brings in a new economic model, one that aligns incentives for the Operator and Good Causes. It ensures that any profits made in the operation of The National Lottery are shared between Good Causes and the Licensee, with the Licensee only making a profit if Good Causes returns exceed a certain threshold.

I am pleased to report that sales for the year were £7,142.2m, generating returns to Good Causes of £1,557.2m for the 11 months to 31 December. This is more than £32m, on average, every week – or an incredible £54 every single second – for Good Causes across the UK over the period.

This performance was delivered against a backdrop of weaker consumer spending, continued inflationary pressures and increasing competition, together with the significant Transition and Transformation Programmes underway within the organisation. Our thanks go to all our players, for making this possible – they should feel very proud of the role that they have played in raising vital funds for Good Causes.

This first 11 months of the licence also saw us generate £2,732.3m for society as a whole – through Good Causes returns, other payments to the National Lottery Distribution Fund (NLDF), Lottery Duty and the commission earned by

our retail partners. Including prizes paid, we returned around 95.0% of all sales revenue to our winners and to society, even before paying for operating costs.

Allwyn has also continued to invest significant sums in the transformation and technology needed to improve The National Lottery, with £342m¹ spent to date on implementation and transformation and over £400m is planned to be invested. This compares to £72m which was invested over the final five years of the Third Licence. This investment is funded by Allwyn upfront, accounting for our operating loss in the year, with the recovery of these costs only over the licence period. This demonstrates the commitment and passion that the Company has for this fundamental transformation.

Sales of

£7,142.2m

Financial highlights

The Fourth Licence commenced on 1 February 2024; therefore, the 2024 numbers detailed below are all based on an 11-month trading period.

Before the Fourth Licence went live, the Company did not make any sales; therefore, there are only prior year comparatives where there was activity prior to the commencement of the Fourth Licence.

¹ This includes all Implementation Costs in the Annual Report and Accounts and related capital assets

Chief Financial Officer's report continued

Gross ticket sales

Gross ticket sales for the year ended 31 December 2024 were £7,142.2m.

Within this amount, sales of Draw-Based Games totalled £4,258.0m. EuroMillions has had a particularly strong year, partly due to a higher number of rollovers and marketing optimisation, contributing 40% of the total draw-based game sales.

Sales for Instant games (Scratchcards and Instant Win Games) were £2,884.2m. Instant Win Games had a strong year with sales of £1,001.0m, following an expansion of the number of games we offered across the year.

Scratchcard performance was more challenging, being impacted by an initially smaller retailer estate – although we did add over 1,000 new lottery terminals over the course of the year – as well as continued changes to the retail landscape and to shopping behaviours.

During the period, Allwyn had a strong focus on retail, our largest sales channel accounting for £3,701.7m or 51.8% of overall National Lottery sales in 2024. Digital was the channel of choice for Draw-Based Games accounting for 57.4% of all Draw-Based Game sales, while 65.3% of all Instant sales were made via retail outlets due to the scale of the Scratchcard category. Overall, the digital channel now accounts for 48.2% of total sales, with 11.1 million registered players. This continues to be one of the world's leading digital lotteries in terms of revenue and reach, with national-lottery.co.uk one of the leading e-commerce sites in the UK.

Prizes

Total prizes for the 11 months of 2024 were £4,039.3m. This represented 56.5% of sales, with a prize mix comprising of 59.6% draw-based games and 40.4% Instant Win Games. Draw-Based Game prizes were £41m higher than statistical expectations, due to the fixed prize matrices of Lotto and Set For Life.

In any lottery, there are prizes that remain unclaimed. If National Lottery prizes are not claimed within 180 days of either the draw date or the date of play for Draw-Based Games and Instant Win Games, respectively, or 180 days after the close of a National Lottery Scratchcard game, they are paid over to Good Causes.

In accordance with its Licence, Allwyn makes every effort to proactively identify unclaimed Draw-Based Game prizes worth £50,000 or more, via either local or national publicity. Unclaimed and unpaid prizes for the financial year amounted to 1.3% of sales and totalled £98.6m. This compares with unclaimed and unpaid prizes in the last 10 months of the Third Licence of £57.8m and is primarily a factor of Scratchcard game closures.

Gross Gaming Revenue (GGR)

Gross Gaming Revenue was £3,122.0m, representing 43.7% of sales.



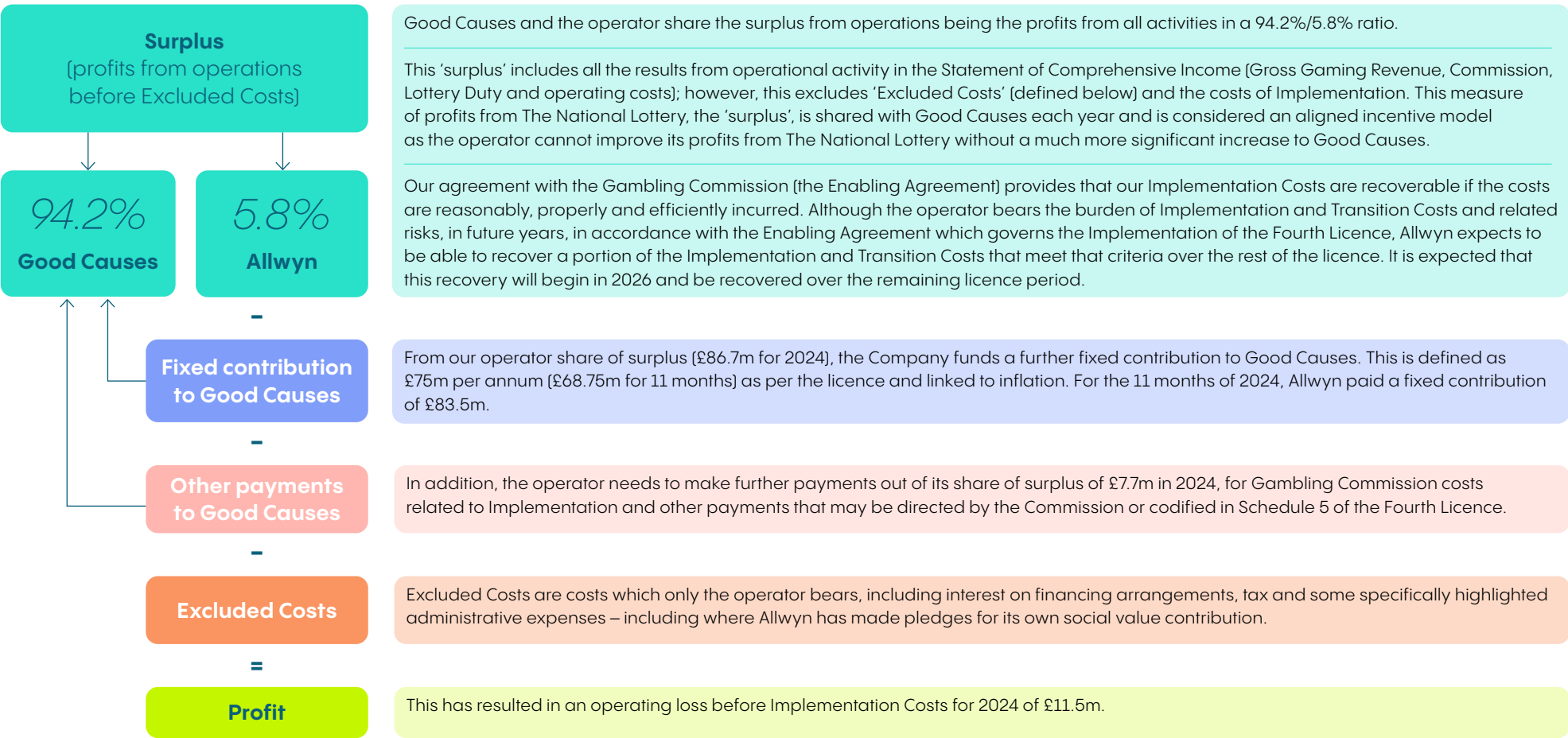
Chief Financial Officer's report continued

National Lottery Distribution Fund (NLDF)

The NLDF is the central fund from which The National Lottery distribution bodies receive funds for distribution to Good Causes. In aggregate, the total raised for Good Causes amounted to £1,557.2m.

This is in line with the new Fourth Licence economic model which aligns the interests and returns to Good Causes with those of the operator, ensuring that the operator always acts in the best interests of Good Causes.

The economic model, as detailed in Schedule 5 of the Fourth Licence, has a number of components:



Chief Financial Officer's report continued

National Lottery Distribution Fund (NLDF) continued

This economic model, which directly aligns the interests of Good Causes with those of the operator, as well as ensuring that the operator funds all Implementation Costs upfront and funds all financing, is distinctly different from that of the Third Licence.

The Third Licence model had three components, these being:

- Good Causes received a variable share of the sales, less prizes, Lottery Duty and retailer commission. The amount was variable by game and by channel (retail or digital) and averaged at around 80.0%. This was called the Primary Contribution.
- a further Secondary Contribution was due annually to Good Causes, but only where profits exceeded a certain threshold; 28.0% of the additional profits were shared with Good Causes, with the Operator retaining 72.0%.
- in addition, the Operator was able to claim additional marketing investment from Good Causes, reducing the amount paid each year, to support the long-term health of The National Lottery.

Additional amounts have also always been due to the NLDF from The National Lottery, relating to unclaimed and unpaid prizes and the interest earned on funds within the Participant Trust Arrangement (see Cash Flows section), net of other amounts that the Licence or Commission direction specifically requests are offset or paid to the National Lottery Promotions Unit (NLPU).



For the 11-month period in 2024, the amounts due to the NLDF from The National Lottery were £1,665.9m, which includes £1,503.7m due under Schedule 5 of the Licence, £53.5m paid from funds in reserves, £98.6m in unclaimed and unpaid prizes, £13.9m relating to interest earned on funds within the Participant Trust arrangement and £3.8m withheld for the NLPU funding. The amount due for unclaimed prizes is dependent primarily on Scratchcard game closures.

The last 10-month period in the Third Licence generated amounts due to the NLDF of £1,434.1m. This amount included unclaimed and unpaid prizes of £57.8m and is net of amounts received from the NLDF during the period of £70.5m for additional marketing spend, for which there is no equivalent in the Fourth Licence. In addition, £7.1m of Trust Interest was paid to the NLDF and £1.6m was withheld for NLPU funding¹.

After accounting for the difference in months and without making any adjustment for the difference in economic model, the amounts due to Good Causes from The National Lottery have increased by just over 5.0%.

Lottery Duty

Lottery Duty is 12.0% of sales and totalled £857.1m for the 11 months of trading activity.

Retailers' and other commission

Total sales, validation and other commissions for the year totalled £222.9m, representing 3.1% of total sales. This amount includes the commission paid to retailers and bank fees paid on digital sales transactions.

There are over 43,500 retail outlets selling our products throughout the UK, the majority of which are independent outlets. Although there are fewer retail outlets than in the Third Licence, retail remains the largest National Lottery sales channel. As a result, our retail partners earned £209.3m in commission over the period – an average of £4,800 per store.

The commission rate paid to retailers for Scratchcard sales is 6.0% and is 5.0% for Draw-Based Games. Retailers also receive 1.0% for prizes paid out above £10 for Scratchcards and £30 for Draw-Based Games, both up to and including prizes of £500.

Gaming-related operating costs

Gaming-related operating costs include gaming systems and data communication costs relating to maintaining software, terminals and the communications network, along with all expenditure associated with the purchase of National Lottery Scratchcard tickets, point of sale and other consumables and the cost of sales items. Costs were £128.0m for the year.



¹ The NLPU had a maximum funding of £3m per annum in the Third Licence, whereas it has a maximum funding of £5m per annum, as per condition 13.5 of the Fourth Licence

Chief Financial Officer's report continued

Marketing costs

Marketing was a lead driver of performance in the year; 2024 saw industry-leading innovations and partnerships, and investment in the long-term health of The National Lottery brand. In the year, £176.9m was spent on marketing, with a shift towards digitised media channels, using high-attention formats, combined with competitive pricing to ensure high player reach every week.

In contrast, £6.3m was spent in the prior year, which included primarily market research and creative agency fees to prepare for the Fourth Licence start-date marketing activities. These costs are included in the Implementation Costs operating cost line (see the 'Implementation Costs' section) as they relate to costs before the Licence start date on 1 February 2024.

Other administrative operating costs

Other administrative operating costs were £191.4m, and consisted of depreciation and amortisation, staff salaries and other employee costs, expenses relating to facilities and all other administrative costs. These are the costs incurred from 1 February 2024, when the Company took over the operation of the Fourth Licence, until the year end.

Operating loss before Implementation Costs

After applying the Fourth Licence economic model, the Company recorded an operating loss before Implementation Costs of £11.5m. This represents the net of the Operator share of the surplus of £86.7m but was reduced by fixed payments to Good Causes of £83.5m, the funding of Gambling Commission costs of £7.7m, and other excluded costs not shared with Good Causes.

Implementation Costs

Implementation Costs are those operating costs associated with the significant investment that Allwyn is making in transforming The National Lottery, for which £103.2m has been spent in the year (2023: £126.4m).

These costs are defined in the Enabling Agreement, which is the regulatory document that governs the Transition into the Fourth Licence and includes all costs for activities before 1 February 2024, and certain costs related to Implementation after 1 February 2024.

Costs include the operating, marketing development and administrative costs relating to the period until 31 January 2024 (covering the prior year and one month in the current year), infrastructure set-up costs, the cost of running the specific Transition and Transformation Programme, including the project management office, staff costs, and software and data development and delivery where the projects do not meet the accounting standards definition of capitalisation.

Allwyn records 100% of Implementation Costs in the period in which they are incurred and aligns with the Fourth Licence approach, requiring the Operator to fund these costs upfront. These Implementation Costs are recoverable, as described earlier in this section.

A prudent decision was taken by the Board during the year to extend the digital testing phase for the technology transition, recognising the risk to the operations of The National Lottery in moving over from the legacy system to the new one, to maximise and protect returns to Good Causes, our players and the integrity of The National Lottery. This delay will result in additional Implementation Costs being incurred in 2025.

Operating loss after Implementation Costs

The Company recorded an operating loss after Implementation Costs of £114.7m for the year (2023: £126.4m).

Under the Fourth Licence economic model and governed by the Enabling Agreement, Allwyn has a right to recover a portion of these Implementation Costs over the remaining period of the Licence once it has reached certain milestones within the Enabling Agreement. The amount recovered is subject to the Gambling Commission's review and approval, as per the process laid out in the Enabling Agreement.



Chief Financial Officer's report continued



Finance income and costs

Net interest during the year amounted to a cost of £1.5m (2023: £11.6m). Finance income of £6.5m (2023: £0.4m) was earned on positive cash balances during the year. The finance costs of £8.0m (2023: £12.0m) related primarily to interest charges on right-of-use assets, £3.5m (2023: £0.5m), and bank guarantee costs of £3.1m (2023: £10.3m).

The average yield on investment was approximately 5%. Strict controls apply to treasury operations, which are reviewed regularly. The Company's investment policy is approved by the Compliance and Risk Management 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.

Taxation and VAT

A corporation tax credit of £42.7m has been recorded for the year (2023: £28.1m). This represents an effective tax rate of 36.7% (2023: 20.3%) and reflects the loss-making position of the Company in the year. Further detail is provided in Note 8 to the financial statements.

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 £92.4m.

Research & development

Research, primarily in brand and market research, is carried out to secure the long-term success of The National Lottery and to ensure sales growth alongside increasing returns to Good Causes. As a result, the Company spent £4.0m on these activities.

Dividends

No dividends were proposed or paid during the year (2023: £nil). The Directors do not recommend the payment of a final dividend (2023: £nil).

Financial position at the year end

The financial position reflects the fact that the Company is in the first year of the Fourth Licence and the requirements under the regulatory regime for the operator to fund Transition and Implementation Costs upfront. The economic model creates the responsibility for this upfront investment by the operator with the recovery of costs in line with the share of profits after Fully Implemented Commencement (as defined in the Enabling Agreement) is achieved, and subject to regulatory approval. Net assets of £112.0m as at 31 December 2024 with negative retained earnings of £234.9m reflect this (2023: £105.5m and £161.4m). Although there is a Net current liability position, the weekly Trust Arrangement cycle results in positive working capital.

Property, plant and equipment, right-of-use assets and intangible assets

The value of property, plant and equipment, right-of-use assets and intangible assets has increased to £258.7m in the current year (2023: £59.7m). This increase is due to the investment in Implementation assets which account for £96.2m of the value on 31 December 2024 (2023: £40.6m). Investment in implementation assets is also funded by the operator with recovery subject to the process above.

Deferred tax

Deferred tax assets of £70.3m (2023: £34.9m) have been recognised in respect of tax losses and capital allowance timing differences. Given the delay to the recovery of Implementation Costs, this is as expected, and the Directors believe it probable that future taxable profits will be available, against which these assets can be offset.

Trade and other receivables

Current trade and other receivables is £470.7m, an increase from the prior year balance of £35.1m. This increase relates primarily to the Fourth Licence receivables under the Trust Arrangement and relate to funds held for player obligations, comprising prizes, player wallet balances and stakes paid for in advance of the draw. The prior year balance primarily related to deposits on terminal purchases.

Chief Financial Officer's report continued

Cash and cash equivalents

The Company is investing significantly in the future of The National Lottery, and 'cash on hand' represents the investment from the shareholder through equity contributions to fund these programmes.

Trade and other payables

Trade and other payables of £849.6m (2023: £156.3m) has increased from the prior year, which is related to the Fourth Licence player obligations, as the Company took over these on 1 February 2024, along with new payables relating to the amounts payable to the NLDF and for Lottery Duty from operational activity. An amount of £81.2m is owed to Group undertakings at the end of the year (2023: £86.1m), this being split between current liabilities of £4.0m and non-current liabilities of £77.2m.

Lease liabilities

The lease liabilities of £51.2m (2023: £7.5m) relate primarily to obligations under property leases and to the right-of-use assets within the gaming infrastructure.

Provisions

Provisions of £19.0m relate to the decommissioning of the gaming technology and infrastructure and the dilapidation of property sites. Of this amount, £11.4m is current and is expected to be spent on dilapidation when the organisation moves to its new premises in Watford in 2025; along with the decommissioning of retailer terminals, satellites and permanent point of sale equipment as part of the gaming infrastructure transformation.

Cash flows

Cash flow from operating activities represents gross ticket sales less prize payments, Lottery Duty, payments to the NLDF and operating expenditure, including Implementation Costs.

Cash is received from retailers, net of the prizes paid by them and the 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.

As is consistent with the approach used under the Third Licence and in accordance with the requirements of the Fourth Licence, to protect prize winners and players, Allwyn has set up certain trust accounts operated by The Law Debenture Trust Corporation plc, which acts as an independent trustee, the Participant Trust arrangement.

An amount equivalent to the prizes is deposited into a trust account on a weekly basis, as well as monies taken in advance for draws that have not yet occurred and money held by digital players in their online wallets.

This money is held in trust until paid out 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 used for the benefit of the NLDF.



Net Cash generated by operations was £134.5m (2023: absorbed by operations £76.4m) and, together with cash outflows from investment in capital assets, are both a direct function of the investment in Implementation.

On 31 December 2024, Allwyn had £4.7m of funds on deposit in a restricted cash trust account as an insurance reserve for the protection of prize winners under the EuroMillions arrangement. Although Allwyn cannot currently withdraw these amounts until the end of the Fourth Licence, the interest on this account accrues to Allwyn.

Allwyn holds a Surety Bond with HCC International Insurance Company plc to the value of £25m. This is held under the terms of the Fourth Licence Trust Deed, providing security for the Trustee.

The Company maintains a £60.0m committed Revolving Credit Facility. The amount drawn down under this facility on 31 December 2024 was £nil (2023: £nil).

Alan Artz
Chief Financial Officer

Principal risks

The outcomes-based focus of the Fourth Licence provides Allwyn with significant opportunities to grow The National Lottery responsibly. However, these opportunities must be balanced with the risks and uncertainties that also come with operating The National Lottery, which are managed through the Company's enterprise risk management framework, further details of which are provided in the [Report on Corporate Governance](#).

Risks, Uncertainties and Opportunities

The principal risks are defined by the Board as risks that may have a significant impact on Allwyn's results and its ability to achieve its strategic objectives. Allwyn has identified 11 principal risks which are presented below. These risks can occur independently from each other or in combination.

During the year, the Compliance and Risk Management Committee (CRMC) and Board conducted reviews of Allwyn's principal risks. Throughout the year, the Board of Directors continued to assess the risk definitions regarding the operation of The National Lottery in Allwyn's first year as operator.

Mitigation and Controls

Allwyn 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 and oversight by the CRMC, the Board, Executive management team, and monitoring compliance with Allwyn's policies. The effectiveness of risk mitigations against risk definitions is supported through a suite of risk metrics.

The Company identifies its key principal risks and mitigations as follows:

Financial, Liquidity and Funding

Risk

The risk that Allwyn does not have sufficient financial resources to operate and transform The National Lottery as required under Licence Condition 18.1. There is a risk that operational and regulatory factors, including decisions on the scope and timing of the technology upgrade, impact the quantum or timing of costs and investment. There could also be delay or decrease in recovery of these costs which is not fully in the Company's control and has the most significant impact on the Company's cash flows. There is a risk that potential enforcement action could lead to financial penalties. These together may impact both Allwyn's profitability and cash flows and its ability to operate The National Lottery and deliver transformation projects. This could impact financial resilience including; ensuring that the entity can demonstrate it meets financial resilience and financial covenant metrics with the regulator and banking partners; that it has sufficient cash to settle obligations as they become due; and is viable into the medium term.

Mitigation

This risk is mitigated by access to external funding and robust internal processes and strong Board oversight over these matters. The Company has a Revolving Credit Facility providing £60m of funding expiring in July 2028 with two one-year extensions at the option of the lender, and £80m of funding under a term loan repayable in tranches in 2027. Internal processes cover cost management, budgeting and forecasting of future performance over the mid-term plan including resource requirements for implementation, transformation projects and operational requirements. This includes forecasting cash inter-month low points and financial covenant metrics. The Board approves these forecasts and monitors performance and assumptions underpinning these processes including detailed Resilience Assurance Statements, which provide a significant review of assumptions and sensitivity analysis covering a range of risks. The Board considers these forecasts together with an assessment of regulatory risks to financial liquidity. External, independent legal counsel advice is sought when needed and in the case of the current risk, supports the Board's position that the risk of a significant financial penalty is mitigated by our ongoing actions to achieve technical cutover to the new technology systems, as well as by multiple mitigating factors and the proper exercise and application of the Commission's statutory and public law duties. More information is shown in the [going concern and Viability Statement](#) and how changes in assumptions outside of the Company's control are considered in the [transformation risk](#).

Principal risks *continued*

Technology

Risk

The risk that technology infrastructure and system failures disrupt the business resulting in a poor Participant experience, lost revenue, reduced contributions to Good Causes, regulatory action by the Gambling Commission (GC) and reputational damage to The National Lottery and Allwyn.

Mitigation

Allwyn regularly evaluates the adequacy of its infrastructure and IT security controls, tests its contingency and recovery processes. Controls testing and security patching around core systems is also performed regularly.

Information/Cyber Security

Risk

The risk that a significant data breach or cyber-attack either directly on Allwyn's systems or at a third-party supplier could result in unauthorised access to personal, financial, gaming or confidential information, service disruption due to the loss/unavailability of key operational systems or loss of integrity of gaming systems and trust/customer confidence.

Mitigation

Allwyn is committed to maintaining robust information security standards, with compliance to ISO 27001, PCI, and soon ISO 22301 for enhanced resilience. We have restructured our security function, creating a 24/7 Security Operations Centre and a Cyber Defence team to strengthen monitoring and engineering. Our three-year strategy, launched in 2024, drives investment in tools, capabilities, and resilience, with the clear outcome being a reduction in security risk. We continue to enhance security awareness, introducing new golden rules and fostering a strong security culture across the business and partners. These efforts ensure we remain vigilant and prepared for emerging cyber threats.

Social Value and Environmental

Risk

The risk that the Company fails to operate in a socially and environmentally responsible manner, resulting in damage to the reputation of The National Lottery and the Company.

Mitigation

The delivery of social value is being embedded across the organisation, with mandatory training for all colleagues. Social Value leads in each department, and 20% of all colleague bonuses linked to social value metrics. Further mitigations related to environmental risks are covered within the [International Financial Reporting Standards \(IFRS\) report](#) including the development of net zero targets and strategy in 2025 from our 2024 baseline data.

Protecting Participants Interests

Risk

The risk of failure to protect the interests of every Participant in respect of playing, engaging or being exposed to The National Lottery.

Mitigation

The policies, processes and governance underpinning our approach to Participant protection, including preventing underage play, not encouraging excessive play and promoting responsible play, are embedded in our strategy, plans and operations, to ensure that we prioritise and fulfil our responsibilities to protect the interests of all Participants whilst growing returns to Good Causes.

Principal risks *continued*

People, Talent and Culture

Risk

The risk that the ongoing success of the business is dependent on our ability to attract, develop and retain the right talent, skills and capabilities. Failure to achieve the above could impact on organisational performance.

Mitigation

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. Allwyn's annual engagement surveys enabled us to measure engagement levels across the Company and to implement appropriate actions.

Operations

Risk

The risk that Allwyn fails to shift to being more consumer focused and therefore falls short on delivering a meaningful customer experience through our Participant facing processes in retail, digital, winner services and customer care. These failures could lead to poor execution of an ambitious consumer growth strategy and a poor customer service experience.

Mitigation

The new outsourced Scratchcard distribution model is now better embedded, with ongoing focus on continuous improvement, especially with regards to sustained product availability and retailer operational ease. Focus remained on excellent in-store standards to make The National Lottery unmissable across the retail estate.

The Company maintains ongoing working relationships with key suppliers and partners and conducts regular reviews to assess operational performance and resilience. Through its designated field sales executives, Allwyn continues to monitor and regularly engage with key suppliers to assess the adequacy of their Business Continuity Plans (BCPs). Allwyn's BCPs are created, assessed, and maintained to ensure minimal business disruptions.

Management of Corporate reputation

Risk

Public and stakeholders' opinion of The National Lottery and Allwyn is of vital importance. Allwyn must promote and protect the reputation of The National Lottery and the value, integrity and strength of The National Lottery brand, as well as manage its own reputation as operator of The National Lottery.

Mitigation

The Corporate Affairs team is responsible for proactively managing the reputation of The National Lottery and Allwyn by anticipating issues and taking steps that will help minimise reputational risk upfront. This includes managing media enquiries with timely robust responses; rebutting and correcting inaccurate or misleading coverage; monitoring and protecting brand integrity and maintaining a stakeholder engagement programme.

Commercial

Risk

The risk that failure to maintain and create an appealing and relevant portfolio of games and game brands means the Company is unable to generate positive returns on marketing investment. Further advertising or game-related restrictions cause a reduction in National Lottery marketing and marketing effectiveness.

Mitigation

Allwyn ensures 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. Allwyn 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.

Principal risks *continued*

Transformation

Risk

The risk that the Implementation programme of work does not deliver bid commitments that are captured as contractual obligations of Allwyn or does not achieve milestones as per the Enabling Agreement. This could lead to enforcement action (including financial penalties) from the Gambling Commission and/or harm to Allwyn's reputation. After the end of the reporting period, Allwyn missed a delivery date in the Enabling Agreement and the Gambling Commission is investigating what, if any, enforcement action might be taken against Allwyn in relation to the missed delivery date.

Mitigation

The scope and scale of the highly complex transformation of The National Lottery to be delivered is significant in terms of technology, business impact and readiness. A strong governance framework and risk monitoring exists with regular internal meetings, and meetings with suppliers and the Gambling Commission, held over the period of Implementation. Supplier relationship management has been key to supporting the transformation activity. Detailed planning has led to appropriate phasing around key milestones to mitigate complexities. Ensuring that the much-needed transformation of The National Lottery is delivered safely and with no impact to the Matters to be Protected has meant decisions on transformation, including timings for the safe cutover from legacy to new systems, are taken to ensure that the risk to the operations of The National Lottery is managed. We have always taken these decisions to protect returns to Good Causes, our players, the integrity of The National Lottery and in the best interests of the National Lottery. Neither, apart from an extension of time required to complete the transformation of the National Lottery due to unprecedented scale and complexity of the transformation, is there any variation to the scope of our commitments to achieve the transformation. The Enabling Agreement also provides an overall backstop date of 1 February 2026.

Regulatory Environment and Relationship

Risk

The risk that Allwyn's operating and regulatory environment does not support the delivery of licence outcomes through its business activities, which impacts on its ability to maintain a constructive and purposive working relationship with the Gambling Commission. Specifically, there is a risk that the move to an outcomes-based regulatory model (in which the licensed operator bears outcomes risk) is impacted by an untested regulatory approach.

Mitigation

Allwyn has an outcomes-focused approach to its strategy, business planning and governance to support the delivery of licence outcomes, and Regulatory Affairs and Public Affairs specialists to engage in regulatory reform, refinement and effective engagement with the Gambling Commission. This is supported through Allwyn's governance, Executive accountability structure and relevant standards, processes and procedures to ensure compliant and effective outcomes delivery. Business control functions – such as the Regulatory Affairs, Risk, Compliance, Internal Audit, Procurement and Process Governance teams – provide proactive business advice, monitor compliance and support improvement through their activities. Allwyn undertakes regular engagement with the Gambling Commission of a proactive strategic nature, reporting and in relation to regulated activities and proposals requiring Commission approval.

How we engage with our stakeholders

Allwyn considers the long-term consequences of its decisions and how these impact our stakeholders – including our people, retailers, suppliers, customers, Government, the Gambling Commission and The National Lottery's distributors. For more information on how Allwyn complies with the requirements of [Section 172](#), in Corporate Governance.



Our People

The skills, commitment and engagement of people are central to any successful organisation and are especially crucial in a period of major change.

During 2024, Allwyn invested heavily in high-calibre people. This demonstrated the Company's commitment to deliver the technical changeover as part of its bid, to grow The National Lottery responsibly, and to help deliver its ambitious programme for change over the course of the Fourth Licence.

Significant change is often challenging. But once the transfer to Allwyn took place in February 2024, the new organisation created ambitious goals and an agile and innovative culture, designed to rekindle the magic of The National Lottery and maximise what this national treasure can deliver.

Colleague satisfaction: taking the pulse

As a company, we understand that large-scale change demands a sharp focus on colleague engagement and satisfaction. We therefore commissioned engagement specialist Culture Amp to survey colleagues in September 2024, in this our first year of operation.

Although generally positive, our results showed some clear areas for improvements, and reflected where the business is at from a change perspective and that it is in line with other organisations going through a high degree of change. Particularly pleasing were top 10 scores (70%+) in the areas of employee welfare, line managers and inclusivity.

At the heart of our transformation is the aim to create a great place to work for everyone. During 2024, Allwyn worked with colleagues across the business via a series of focus groups with an external partner, Laughology, to explore how our values of Trusted, Innovative and Inclusive could be developed and embedded across the organisation. Their valuable feedback is now being incorporated into frameworks for performance, recognition, onboarding and recruitment. We also launched an internal 'Game Changer' initiative where colleagues put themselves forward to drive change across the organisation.

As a company rooted in contributing positively to society, we are engaged in a purpose that directly inspires our people. In our colleague survey, 77% of respondents scored positively to the notion that "The organisation's purpose motivates me to do a good job".

Allwyn's 'Empowering People' roadmap

Our People vision is that 'Together we will embrace talented people, enabling them to bring the best of themselves, and give them the space and platform to do their best work with a shared purpose to transform The National Lottery'.

Diversity, Equity and Inclusion (DEI)

DEI is important for fostering a fair, positive and productive workplace environment. By embracing a range of perspectives, backgrounds, and experiences, Allwyn can unlock greater creativity, innovation and problem-solving abilities. A commitment to DEI ensures a place where everyone feels valued, respected and empowered to contribute to their fullest potential. We seek to mirror internally the society we serve externally, reflecting the diversity of players, Participants and retailers.

At the end of 2024, 52% of colleagues identified as white, 36% as ethnically diverse, with 12% not having been disclosed.



How we engage with our stakeholders continued

Our People continued



Gender and Ethnicity Pay Gap

As part of our commitment to DEI, Allwyn reports on its gender and ethnicity pay gap based on data from April 2024, following three months as the operator of The National Lottery.

At that time in April, Allwyn employed 1,069 people who fell within the Gender Pay Gap reporting criteria.

The results show that Allwyn's mean gender pay gap is 8.4% and its median gender pay gap is 11.4%. This is driven primarily by the gender mix of employees, with more men in upper middle and upper management quartiles.

These figures have been supported by inheriting a gender balanced organisation through TUPE, as well as ensuring Allwyn has inclusive principles in attracting and selecting talent. For example, in 2024, 90% of its recruitment short-lists were balanced by gender, and this is tracked in Allwyn's annual business plan.

Although reporting on our ethnicity pay gap is not a legal requirement, Allwyn has done so voluntarily as part of our commitment to DEI. The results show that our mean ethnicity pay gap is 10.9% and our median ethnicity pay gap is 2.8%. Both gender and ethnicity pay gap figures are based on the same period.

Allwyn has enhanced policies and benefits in place that we believe will help drive gender and ethnicity equality and work towards reducing the pay gap – including inclusive hiring practices – but we recognise there is always more to do in addressing and reducing pay gaps in both gender and ethnicity.

The full report (published on the Allwyn website in April 2025) includes how Allwyn is addressing the pay gap.

Health, safety and wellbeing

Looking after our people is a key focus for Allwyn. We offer support via enhanced policies, the employee assistance app WeCare, private medical insurance, the Calm App and our colleague communities – which include mental health first aiders and menopause mentors. This comprehensive support drove high scores in our colleague survey, including:

90%

scoring positively when asked "I am able to take time out from work to balance family commitments";

89%

scoring positively when asked "My line manager genuinely cares about my wellbeing"; and

83%

scoring positively when asked "My line manager encourages me to balance my work and personal life".



How we engage with our stakeholders *continued*



Our People *continued*

Allwyn also has policies to support colleagues at every stage of their lives and careers. This includes family leave (with sector-leading entitlements), flexible working, and fertility and menopause support.

Inclusion is a core Allwyn value, and our policies ensure that colleagues of all gender identities feel respected, supported and can bring their authentic selves to work. This has also generated high survey scores:

71%

scoring positively when asked "I feel a sense of inclusion and belonging at Allwyn and can truly be myself at work"; and

75%

scoring positively when asked "I feel everyone at Allwyn is treated equally regardless of their background and identity".

Our discretionary Life Days Policy also gives two additional days of paid time off for personal moments that fall outside traditional leave categories, such as attending important events or simply recharging. This policy enables colleagues to have the time to focus on what matters most to them.

These policies demonstrate Allwyn's commitment to wellbeing and inclusivity and are enhanced with features that benefit colleagues.

Anti-Modern Slavery and Human Trafficking

Allwyn expressly forbids any kind of modern slavery and human trafficking within our business and supply chain. To ensure everyone complies with the Modern Slavery Act 2015, we require all colleagues to complete and pass an annual training module, and sign and adhere to our Anti-Modern Slavery and Human Trafficking Policy and other associated policies.

Community Groups

As part of Allwyn's plans to create a great place to work, it has continued to champion and evolve its special interest Community Groups. During 2024, they grew to nearly 500 members, representing the interests of parents, women, representation for different genders and sexual orientation, and colleagues committed to climate change.

The Ability Community works to break down the stigma surrounding disabilities, while the Culture Community recognises and celebrates people's diverse cultures and backgrounds. The Sports and Social Community plans subsidised events away from the workplace throughout the year. Each is sponsored by a member of the Senior Management or Executive team, ensuring they are supported to gain greater advocacy across the business.

Social mobility

Other innovations from 2024 saw Allwyn launch a project to further its mission of providing fair access to work and helping increase social mobility.

On an optional basis, we collected information about social mobility from colleagues and reviewed our existing internal People system, ensuring language was inclusive and appropriate. This work aimed to help create more opportunities for career progression for people from less advantaged backgrounds. The goal is to ensure they have the same chances to succeed in life, regardless of their parents' socio-economic background, their gender, age, sexual orientation, race, ethnicity, birthplace, or other circumstances beyond their control. More than 55% of colleagues volunteered to provide information, a response that exceeded expectations.



Disability

Throughout 2024, Allwyn has dedicated significant resources to enhancing accessibility and inclusion, proudly becoming a Disability Confident Leader (Level 3).

This accreditation from the Department for Work and Pensions encourages employers to improve how they recruit, retain, and develop people with disabilities. Allwyn is proud to have achieved the top of a three-point scale.

Allwyn works closely with the inclusivity and accessibility charity, Purple, and is a UK founding partner of the global awareness day, Purple Tuesday. This initiative raises awareness of the challenges faced by customers with disabilities and the importance of creating accessible environments.

How we engage with our stakeholders *continued*



Our Retailers

With over 43,500 retail outlets, retail continues to be The National Lottery's largest channel – with the majority being independent retailers.

A seamless transition to the Fourth National Lottery Licence saw retailers required to sign new National Lottery Retail Agreements to allow them to continue selling our products from 1 February 2024 onwards. In addition, Allwyn ensured a smooth transition from the central Post Office contract of the last 30 years and the individual re-contracting of over 2,600 independent Post Office stores from 1 February.

On the same day, a new warehouse opened in Warrington, from where a dedicated fulfilment team proactively contacts retailers to make sure they have everything they need to sell National Lottery Scratchcards effectively. The new eco-friendly warehouse will also help Allwyn on its journey to deliver a net zero National Lottery.

Supporting retailers

In line with Allwyn's commitment to retailers, we continue to support our existing retail partners, as well as extend ways our players can buy National Lottery products.

Throughout the year, we offered ongoing support and training to our retail partners and satisfaction scores improved from 52% to 69%. We communicated a range of practical information through articles in our retailer magazine Jackpot and provided a steady drumbeat of guidance on our National Lottery Retailer Hub website (tnlpartners.co.uk). We connected via direct mail, email and phone calls as well as through thousands of in-person visits.

We also continued to develop new distribution platforms, such as partnering with delivery platform Snappy Shopper to give independent National Lottery retailers the ability to sell Scratchcards online. And we equipped over 300 forecourts owned by Motor Fuel Group with National Lottery terminals in our biggest installation project to date.

In 2024, we added over 1,100 new retail outlets to our estate, including 600 independents. In parallel, we increased the size of our retail sales team by 50%, significantly enhancing the level of support provided to National Lottery retailers.

We also launched a new Retail Training Centre – an innovative, digitally-led retailer training platform – and began the roll-out of new in-store Permanent Point of Sale (PPOS). This is helping to deliver more modern retail environments, with eye-catching branding and call to action messages to customers.

As we expand our retail network and opportunities to play, responsible retailing remains key. In 2024, Allwyn launched Operation Guardian – an expanded mystery shopper and knowledge-check programme which increases the level of support for retailers and enables them to sell National Lottery products even more safely.

Rewarding our retailers

In Allwyn's first year, our 'Site, Stock, Sell' programme has helped to achieve some of the best ever in-store standards. As part of the initiative, retailers are automatically entered into a quarterly prize draw when they achieve high standards relating to selling National Lottery games. In total, we awarded over £350,000 in cash prizes, over and above their usual retailer commission in 2024, and we also introduced a new payment system which allowed rewards to be paid directly into retailers' bank accounts for the first time.

2024 also saw the launch of 'Share the Win', an exciting new rewards initiative which is turning our retail partners into winners when they sell a high-value winning ticket or Scratchcard.

Responsible retailing

As the face of The National Lottery, we require all our retailers to sell our products responsibly. We invest in training and education programmes to assist them to prevent both excessive and underage play. [See retail initiatives in responsible play section.](#)

By signing our National Lottery Retailer Agreement, retailers have clear visibility of our expectations. In 2024, we also introduced a Retailer Charter that sets out our commitments to our retail partners, as well as what we expect from them in return.

We hold them to high standards, including compliance with all applicable laws and regulations – such as the Modern Slavery Act 2015. We further supported our retailers in the prevention of modern slavery and human trafficking by raising awareness of these risks through our multiple communication channels.



How we engage with our stakeholders *continued*



Our Customers



From accessing National Lottery games – whether at one of our retail partners, or digitally – to getting help and playing responsibly, every touchpoint needs to work for our customers.

Allwyn therefore engages with National Lottery players in multiple ways to understand their expectations, concerns and habits. As part of this work, our Insights team provides monthly updates on its research and surveys.

In addition, ad hoc research projects examine the changing needs and expectations of customers, including deep dives into competitor propositions and understanding customer needs around responsible play and accessibility. We invest significantly in research with specialists – including Dunnhumby, Kantar and Worldpanel – to gather and consider a breadth of data sources.

Much of our research and customer intelligence is also directly gathered through our Consumer Insights team along with our Customer Care team via phone, social media and website response channels, gaining insights into concerns, expectations or needs.

While we are proud of our progress – in 2024, we scored 93.1% for overall player satisfaction – we continually research, test and improve our offerings.

For example, during the year, we received more than two million customer contacts, with nearly 80% of calls answered within 30 seconds. And in the digital space we have committed to making our platforms more accessible, safe and inclusive. We are working towards 'AA' level of the Web Content Accessibility Guidelines (WCAG) 2.2 for release in 2025.

Winners are also a major part of our business, and, in 2024, we processed over £1bn in prizes of over £50,000, for over 780 winners. In the case of our higher-tier prize winners (£50,000+), they receive the assistance of our dedicated Winner Services Team. Specialist advisers have regular interactions with these winners to ensure their expectations and concerns are understood and managed.

Throughout the year, we also arranged financial and legal advisory sessions for winners of over £1m. In addition, we encouraged these winners to have an initial conversation with our Wellbeing team to explore how coaching and/or mindfulness could be beneficial to them.



High-tier winners who choose to take publicity also benefit from the guidance and experience of colleagues in our Consumer Communications team.

For mid-tier prize winners (of between £500.01 and £50,000) we launched a new in-house winners' service. This handled over 45,000 prizes, totalling £51m, with 95% of winners receiving their funds within five days. And post year-end we launched a system allowing prizes to be paid directly into players' bank accounts.

How we engage with our stakeholders continued



Our Customers continued

Responsible play

As part of the mission to grow The National Lottery responsibly and champion its impact, Allwyn wants to ensure players always have a fun and positive experience.

Before National Lottery products are even launched, they go through a meticulous design process that ensures they only appeal to adults, and not vulnerable groups or children. This involves using a triple-layer risk assessment which uses industry-standard tools to assess the risk level of a game's structural and situational characteristics, as well as a risk checklist to identify any further risks posed by the game. If any of these tools identify a risk level which is too high, we will revise the game. If the risk remains too high, we will shelve it.

For online players, our behavioural analytics model monitors various play behaviours to detect players who may be at-risk. Once a player is identified as being potentially at-risk, we intervene to encourage a positive change in how they play. Our interventions highlight how their play differs from others, point them to the tools and support available, and where needed escalate in nature over time – with the content, tone and delivery channel tailored according to how long a player remains at risk.



If a player fails to respond to our interventions and modify their play behaviour, we take a final step of excluding them from accessing our Instant Win Games for a period of time. We're proud to say that, in 2024, we achieved the highest-ever behaviour change in at-risk players following our intervention.

Where appropriate, the Customer Care team also proactively calls online customers identified as potentially vulnerable (pre-at-risk) to discuss their play and make them aware of the wide range of player protection tools we have on offer.

This focus on safe and fun play underpins Allwyn's plans to transform The National Lottery over the Fourth Licence period. We aim to support 'lots of people to play a little', by understanding players and their play behaviour and through using technology and data.

Allwyn's main responsibility is to prevent underage play, discourage excessive play, and promote the safety of all Participants, who the Licence defines as 'every person who plays, engages with or is exposed to The National Lottery'.

This has led to Allwyn's Participant Protection Charter which is an important element of the Company's business strategy. It sets out how to create safe online and retail play environments; design games in a responsible way; and reduce excessive, and promote responsible play across all our games.

As well as observing our Licence obligations, Allwyn wants to set the standard across the international lottery industry for protecting and promoting the interests of all Participants and players, continually advancing evidence-based best practice across every aspect of their experience. We also seek to learn and share insights with lottery colleagues in other Allwyn markets, and beyond.

Furthermore, Allwyn has committed to contributing £1.6m per year to research, prevention and treatment bodies, including to GambleAware, GameCare and YGAM. In 2025, this activity will feature the launch of a Participant protection conference. This conference, designed specifically for the lottery industry, will hopefully provide us with important insights that can help shape our future plans.

We believe we have made strong progress in promoting responsible play during 2024, with further actions including:

- Introducing a pioneering new Scratchcard limit (10 per transaction) UK-wide;
- Our new Operation Guardian mystery shopper programme delivered record-breaking results for age check mystery shopper visits of 92% – the highest compliance rate in two decades;
- Introducing a QR code for instant support on in-store media screens; and
- Enhancing retailer training to prevent underage and excessive play.

How we engage with our stakeholders *continued*



Our Suppliers

Allwyn is keenly aware that our suppliers are fundamental to the delivery of The National Lottery and, by extension, are a vital part of the mechanism that generates much-needed funds for Good Causes.

We therefore place great emphasis on working in partnership with our suppliers and assign a dedicated relationship manager to our most significant strategic suppliers. These managers work closely with them, ensuring not only the best value for Good Causes and the delivery of a product/service, but also to cultivate strong working relationships that are fair and transparent for each party.

Allwyn also believes that good business relationships depend on prompt payment. The Company's policy is to pay all fully approved supplier invoices within 30 days from the date of invoice.

More widely, we look to work with suppliers who share our aims on delivering social value and ask for details of their own commitment and achievements via a questionnaire. 100% of eligible suppliers completed this questionnaire in 2024, the results of which account for a significant weighting of 13% in our tender process. [Social value section.](#)



How we engage with our stakeholders *continued*



The National Lottery Family

As the operator, our role is critical to The National Lottery's ongoing success. But we work in close partnership with several other bodies, each of which plays a key role as part of The National Lottery family:

The Department for Culture, Media & Sport (DCMS)

is the Government department responsible for The National Lottery.

The Gambling Commission

is responsible for licensing and regulating The National Lottery following Directions issued under Section 11 of the National Lottery etc. Act by the Secretary of State for DCMS.

12 National Lottery distributor bodies

each with specialist knowledge of their sectors, which decide which beneficiaries should receive National Lottery funding.

The National Lottery Promotions Unit,

a joint venture between the distributor bodies, Allwyn and DCMS, and is responsible for promoting positive public awareness of National Lottery funding and the projects it supports.

Department of Culture, Media & Sport (DCMS)

The Department for Culture, Media & Sport (DCMS) is the Government department responsible for The National Lottery. Allwyn works closely with DCMS, with engagement at all levels taking place.

The Gambling Commission

Allwyn is licensed to operate The National Lottery and is regulated by the Gambling Commission. Our Board has oversight over the engagement with the Commission, which includes effective channels of reporting at strategic and working levels. This aims to support a shared understanding of licence obligations, compliance, business plans and our performance against the outcomes within our operating licence.

This regulatory engagement is underpinned by a suite of regular and timely regulatory reporting requirements, submitted to the Gambling Commission at frequencies varying from weekly to annually, and being reviewed and approved by the Board and its committees. These reports detail the Company's performance and compliance across the business operation, including on good governance; measures to protect Participant Interests; contributions to National Lottery Good Causes; financial and operational resilience; access and distribution; and branding and intellectual property.

Quarterly meetings are held with the Gambling Commission to review key performance standards, and Allwyn aims to optimise performance through a commitment to continuous improvement.

National Lottery Distributors

Allwyn works closely with all 12 National Lottery funding distributors through regular meetings at all levels. It works collaboratively on campaigns such as [The National Lottery's 30th birthday celebrations](#) and [National Lottery Open Week in March](#). It also participates in cross-party forums, including communications, data and environmental leads.

The National Lottery Promotions Unit

The National Lottery Promotions Unit is a joint venture between the distributor bodies, Allwyn and DCMS, and is responsible for promoting positive public awareness of National Lottery funding and the wide range of projects it supports across the UK.

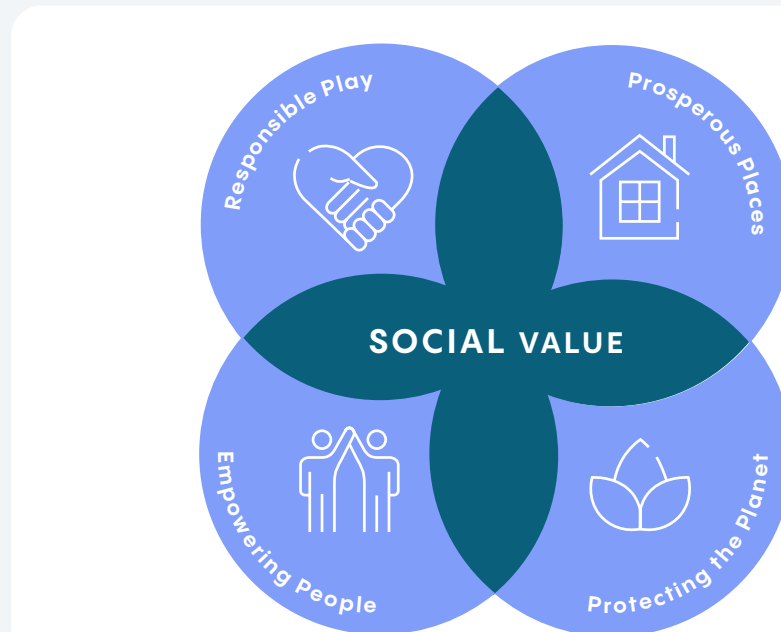
Social value

Allwyn's approach to social value underpins its mission to grow The National Lottery responsibly and champion its impact. This approach informs decision-making, shapes relationships with stakeholders, and is reflected in our processes and policies.

In 2024, we made an ambitious start in embedding social value into the way we operate. One of our achievements includes identifying and training approximately 30 Social Value Leads across all functions.

Although the responsibility for delivering social value sits with all colleagues, our Social Value Leads receive additional training to help them lead on delivering and embedding social value within their function, as well as throughout the business.

Other innovations include the launch of Allwyn's Impact for Good programme, designed to connect our colleagues with Good Causes across the UK, to see and feel the impact of the life-changing work that we do every day. Through this programme, our colleagues can take two days per year to volunteer and also can claim up to £500, each year, in various supported fundraising initiatives.



Responsible Play

Allwyn is committed to setting the standard globally for promoting Participant interests. We do this by knowing our players and supporting lots of people to play a little. Given our scale and importance in UK society, we take a comprehensive approach to supporting any potentially vulnerable Participants. Investing in Participant Protection is integral to our plans to transform The National Lottery and our approach is evaluated and advanced through work with organisations that specialise in these areas.

[Responsible Play in Stakeholder section.](#)

Empowering People

The National Lottery touches the lives of so many people across the UK. As its guardian, we are working to ensure all parts of The National Lottery are inclusive, accessible and fair for everyone, whether as a player, a supplier, retailer or colleague.

[Stakeholder section.](#)

Prosperous Places

Allwyn wants local high streets and communities to thrive. We have already met our commitment for small and medium sized enterprises (SMEs) to comprise 25% of our supply chain. We also have a £1m annual Social Value Fund from Allwyn's own resources which is designed to complement our fantastic reach through retailers and National Lottery distributors in helping high streets and communities to prosper.

[Social Value Fund.](#)

Protecting the Planet

Allwyn has made a commitment to achieving net zero, aligned with the Science Based Targets Initiative's (SBTi) Corporate Net-Zero Standard, as this is the internationally recognised best practice definition.

With the transition from Camelot to Allwyn, 2024 is the first year of National Lottery operations from which we can create a representative baseline carbon footprint. This will form the basis for full net zero target development and will be finalised in 2025. Nonetheless, in 2024 we have already made significant progress on our Net Zero Action Plan, establishing a strong foundation of net zero initiatives and policies.

This action plan has been built on three key pillars: Measure and Target; Engage and Communicate; and Net Zero Solutions.

Social value *continued*

Measure and target

In 2024 we made progress in two key areas of Allwyn's carbon measurement.

Firstly, prior to our Licence start date, the 2023 core carbon footprint of the business (Scope 1, 2 and limited Scope 3 emissions from waste, water, business travel and commuting) was measured and validated by Planet Mark (a leading carbon reduction and net zero specialist consultancy) in early 2024. This helped to establish carbon data collection processes and achieved initial Planet Mark certification; itself, a strong public commitment to carbon reduction.

Secondly, for the first time we collected full carbon data across all our direct and indirect emissions sources (Scopes 1, 2 and full Scope 3) for the 2024 reporting year. The most significant contributor to Scope 3 emissions is typically the supply chain, so the 2024 data collection required us to engage with suppliers who made up 80% of our spend on goods and services, to provide their own emissions data and Allwyn's share of it.

A key outcome from this holistic data collection was the certification of our core carbon footprint for 2024 by Planet Mark, calculated at 3,109.3 tCO₂e (location-based, see our SECR report below).

Engage and communicate

Embedding a net zero mindset and capabilities throughout our business is fundamental in ensuring that all our colleagues, as well as external partners, can play their part in contributing to delivering our net zero ambition. This means developing net zero capabilities across the whole value chain and setting clear

responsibility for leading on net zero initiatives for every function. In 2024, 100% of eligible colleagues completed a net zero training module, while our 30 Social Value Leads were given additional training. Allwyn also successfully launched a supplier engagement summit, attended by 113 suppliers, in October 2024, where we set out our net zero ambitions.

Net zero solutions

In 2024, Allwyn made significant strides in setting up net zero solutions, including:

Waste:

We began a review of all our waste management policies as part of our wider commitment to achieve zero waste to landfill by 2030. This includes circular design principles for the new Permanent Point of Sale for retailers and cutting out waste within our own workplace.



Buildings roadmap:

Our new London office has an award-winning zero-gas sustainability certification, with landlord-provided 100% renewable electricity.



Our fleet:

We began transitioning from legacy petrol or diesel cars to plug-in hybrid vehicles, with a small trial of fully electric vehicles launched in 2024.



We will further develop these net zero solutions into our Net Zero Strategy in 2025.

Streamlined Energy and Carbon Reporting (SECR)

The SECR framework monitors and reports our energy use, carbon emissions, and the energy efficiency actions we have implemented. To ensure we meet the requirements set by the standard, we have followed the Operational Boundaries methodology set out by the Protocol Corporate Accounting and Reporting Standard.

Energy Efficiency Actions

Allwyn has successfully certified to The Planet Mark for the reporting period 1 January 2024 to 31 December 2024. The Planet Mark is a sustainability certification that recognises continuous improvements, encourages action, and builds an empowered community of like-minded individuals. Allwyn also made a commitment upon certification of The Planet Mark to achieve a minimum 5% reduction in our measured market-based carbon footprint year on year.

Allwyn introduced a new energy management policy and implemented smart sockets (through Measurable Energy) for their London office.

During the reporting year, there was a visible shift from the use of diesel and petrol fleet, to mostly hybrid fleet in terms of mileage travelled, with Allwyn introducing 150 hybrid cars into our company fleet, with an order for an additional 70 hybrid vehicles in progress.

	tCO ₂ e	kWh
Scope 1 emissions	638.6	3,117,084.8
Scope 2 emissions (location-based)	967.2	4,671,466.4
Scope 2 emissions (market-based)	1,415.2	4,671,466.4
Scope 3 emissions*	1,503.5	317,742.9

* Scope 3 includes Grey Fleet, non-Grey Fleet Business Travel, Waste, Water, Employee Commuting and Transmission and Distribution Losses

	tCO ₂ e	kWh
Total (location-based)	3,109.3	8,106,294.1
Total (market-based)	3,557.3	8,106,294.1

	Total tCO ₂ e	Intensity
Total per employee** location-based	3,109.3	2.6
Total per employee** market-based	3,557.3	3.0
Total per £1m turnover*** location-based	3,109.3	1.0
Total per £1m turnover*** market-based	3,557.3	1.1

** This is based on an average of 1,191 number of Fixed Term Employees, both permanent and fixed-term contract, between Jan-Nov 2024

*** This is based on £3,122m GGR (gross gaming revenue) turnover



International Financial Reporting Standards (IFRS) S2 Report

The Company has aligned its climate-related financial disclosures to the International Financial Reporting Standards S2 framework to demonstrate the important role it has in the transition to a low-carbon society. In this report the Company describes the work that was carried out in 2024 to identify, assess, and manage the climate-related risks and opportunities that are relevant to the business, integrating recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

Introduction

As this is Allwyn's first year of reporting against climate-related financial disclosures, this report includes details on the approach of the assessment as well as the next steps that Allwyn can take. It sets out Allwyn's actions and progress against the four pillars of the IFRS framework: governance, strategy, risk management, and metrics and targets.

Allwyn's assessment indicates a low risk of exposure to physical and transitional climate risks. The main risks appear under the high warming scenario, including economic disruptions reducing customer purchasing power, and regulatory pressures as climate reporting requirements grow. Physical risks, such as severe weather events and supply chain disruptions, are expected to increase under high warming scenarios but still remain low.

Allwyn also recognises the opportunities presented by the growing climate-focused market, including sustainable practices such as resource-efficient manufacturing and the increase in digital solutions which present high-impact potential to align with climate goals and adapt to evolving market demands.

Governance structure for climate-related issues

The Board has ultimate responsibility for Allwyn's social value performance, including climate-related issues, and delegates this oversight authority to our [Compliance and Risk Management Committee \("CRMC"\)](#). It is the role of the Executive, via our Chief Executive Officer, to keep the CRMC informed of all relevant climate-related issues and any necessary actions that need to be taken and approved as appropriate.

As this is the first year Allwyn is assessing and reporting climate-related financial disclosures, Allwyn will consider the results of the climate risk assessment and address the most material issues moving forward in our discussions. Similarly, net zero targets, strategy and associated budget will be set in 2025, using 2024 as the baseline year.

Management's role

The Executive, led by the Chief Executive Officer, will have responsibility to deliver the Net Zero Strategy (part of the overall Board approved Strategy) once it has been developed in 2025. In 2024, while carrying out the baseline exercise for Scope 1, 2 and 3 emissions, Allwyn has a Net Zero Action Plan approved by the CEO and Executive Team (see earlier section on 'Protecting the Planet').

The Director of Social Value attends the Board's CRMC ([See Compliance and Risk Management Committee](#)) and reports to the Chief Corporate Affairs Officer, who is the accountable Executive for the CRMC.

Enterprise Risk Management

The Head of Enterprise Risk Management, who reports to the Director of Assurance and Regulatory Affairs, who in turn reports to the Chief Corporate Affairs Officer, works closely with the Social Value team to identify and assess any climate-related risks. If risks have been identified as having a material impact on the business, the Head of Enterprise Risk Management will work with the appropriate functional risk owner to ensure that controls and mitigations are in place to ensure the risk does not materialise.



IFRS S2 Report continued

Strategy

Climate scenario analysis process

As per the IFRS S2 recommendations, Allwyn is committed to completing a wide assessment of climate-related risks and opportunities. Our climate scenario analysis timeline is outlined below:

First Phase in Financial Year End 2024 (1 February – 31 December 2024):

Qualitative risks and opportunities

Allwyn has completed the first phase of this analysis by carrying out a qualitative assessment of identified climate-related risks and opportunities across climate scenarios (see Risk Assessment section). This assessment scores and ranks material climate-related risks and opportunities and the associated impact on the business.

This activity was undertaken in conjunction with Planet Mark.

Risks and opportunities identification process

As part of this review, Allwyn held internal interviews to understand how climate change risks and opportunities may impact different functions across the business and how these are already embedded into business activity.

Stakeholder engagement was complemented by industry peer benchmarking and desk-based research to understand climate-related events and policy developments. A list of these identified risks and opportunities, following the IFRS S2 classification, has been collated, and were qualitatively assessed, scored, and ranked to develop an understanding of their relevance and potential impact on the business.

Risk assessment criteria

The criteria used to understand the impacts of the identified risks and opportunities focuses on two distinct parameters: time horizons and climate scenarios. Climate scenarios define the assumptions used to determine the climate-related actions that might impact the organisation, over the defined time horizons.

Time horizons

Each risk and opportunity were assessed over different time horizons:

- **Short-term:** 1 to 2 years (2025 to 2026), aligns with business risk and finance strategy in dealing with the most immediate events that might impact the business.
- **Medium-term:** 3 to 6 years (2027 to 2030), interim period in alignment with planned near-term targets.
- **Long-term:** 7 to 26 years (2031 to 2050), aligns with the 10-year Fourth National Lottery Licence up until 2034, and the UK net zero target to decarbonise the UK economy by 2050, anticipating any long-term effects of climate change. Any net zero targets sitting outside the current Licence period, will be designed to align with the Science Based Targets initiative (SBTi), a corporate climate action organisation that enables companies and financial institutions worldwide to set greenhouse gas (GHG) emissions reduction targets in line with the latest climate science, and ensure continuity even if there is a change in ownership.

Climate scenarios

A range of scenarios were selected to understand the potential impact of climate change risks and opportunities under uncertain future outcomes. Allwyn has used three different scenarios to ensure all outcomes of climate change are considered.

Following the IFRS S2 climate-related risks and opportunities classification, for each physical and transition risk or opportunity, Allwyn has used climate scenarios published by the Network for Greening the Financial System (NGFS), an open-source platform containing a variety of climate indicators including projections on energy demand, commodities prices, etc. Climate projections were obtained from the Intergovernmental Panel on Climate Change Working Group I (IPCC WGI) Interactive Atlas, which outlines regional information on climate variations including precipitation, snowfall, wind, and temperature. The most recent climate model CMIP6 has the latest climate change projections available, allowing for an assessment over several shared socioeconomic pathways (SSP1-2.6, SSP2-4.5 and SSP5-8.5).

To ensure that Allwyn has modelled the risks against different 2100 global temperature predictions it has followed guidance from the IPCC and the REMIND-MAGPIE Net Zero scenarios and assessed against three different outcomes:

- **Orderly Transition** – warming is limited to 1.5°–2°C (IPCC's SSP1-2.6)
- **Disorderly Transition** – warming is limited to 1.5°–3°C (IPCC's SSP2-4.5)
- **Hot House** – warming exceeds 3°–5°C (IPCC's SSP5-8.5)

Risks assessment methodology

A range of scenarios were selected to understand the potential impact of climate change risks and opportunities under uncertain future outcomes. Allwyn has used three different scenarios to ensure all outcomes of climate change are considered.

Allwyn has scored the risks against three main criteria, vulnerability (consideration of exposure, sensitivity, and adaptive capacity), likelihood, and magnitude of impact. Opportunities have been scored against two main criteria: the size of the opportunity and if the businesses can execute this opportunity. Each risk and opportunity are assessed over the climate scenarios and time horizons defined previously.

Results

Based on the time horizons, all the risks and opportunities identified below are considered to only be medium or high impact over the long-term horizon. As part of the scoring analysis of each risk, all risks in the short and medium-term horizon are scored as very low or low magnitude of impact.

IFRS S2 Report continued

Transition risks

Market risks

Changing customer behaviours and purchasing power

As a result of acute and chronic effects of climate change, which will likely have a negative impact on the economy, customers may have reduced purchasing power and disposable income. This may impact sales and reduce returns to Good Causes.

Horizon: Long

**Potential risk:
Medium to High**

Scoring rationale:

Effects of climate change in the long term are exacerbated due to an increase in global warming, high probability and impact on UK's economy and consequent loss of GDP.

Business Response:

Continue to adapt its marketing communications, game propositions, channel initiatives and events so that The National Lottery remains relevant to a wider player base with a focus on the impact of Good Causes on society.

Linked Opportunity:

Increase in the digital products and consumer offerings through The National Lottery website and App, enabling more flexibility to meet consumer behaviour changes driven by climate awareness gaming preferences.

Reputational Risk

Reputational damage to Allwyn UK and The National Lottery

Negative perception from internal and external stakeholders if there is a lack of progress against annual carbon reduction or net zero targets.

Horizon: Long

**Potential risk:
Low**

Scoring rationale:

As Allwyn UK will set out its net zero strategy, which will include its long-term targets, the risk of impact has been determined to be low.

Business Response:

Net zero targets will be set in 2025 from robust baseline data from 2024, which will be SBTi aligned. The term of The National Lottery Fourth Licence is 10 years until 2034 which may restrict Allwyn's ability to invest in longer term plans, however Allwyn will be developing interim targets that will be met within this time period.

IFRS S2 Report continued

Transition Risks continued

Policy and Legal

Current and new environmental compliance and mandatory disclosures

Due to an expected increase in number of mandatory climate related reporting and disclosures and associated time commitment, Allwyn could fail to fully comply resulting in fines and reputation damage.

Horizon: Long

Potential risk:
Very Low to Medium

Scoring rationale:

A robust Regulatory Affairs team is in place which monitors any upcoming regulations, and highlights any resource constraints Allwyn might have, so the potential long-term risk is expected to be medium.

Business Response:

Allwyn will develop a transition plan detailing how the organisation is dealing with climate-related matters including requisite KPIs. In addition to the Regulatory Affairs team's role in monitoring current and future regulations, the Public Affairs and Social Value teams also monitor key developments across relevant political and policy environments and inform the business of any regulation changes.

Physical Risks

Acute risks

Supply chain disruption

Supply chains are vulnerable to climate-induced disruptions in international shipping which could affect its product availability for components from outside the UK and impact operations. Additionally, the likely increase in adverse weather in parts of the UK may have an increased risk of storm related supply chain disruption. This could impact fleet operations and disrupt ability to service retailers and/or access winners in these regions.

Horizon: Long

Potential risk:
Very Low to Medium

Scoring rationale:

In the long term, disruption is expected to be medium, as the frequency and severity of sea storms rises due to the increase of temperature.

Business Response:

As of early 2025, there is significant stock of relevant components from outside of the UK to allow for a severe disruption in weather. For fleet operations, the business already uses route optimisation, which plans for disruptions such as road closures, and has staffing plans in place to minimise impact from regional disruptions caused by adverse weather.

Linked Opportunity:

1. Constituent components are manufactured using recycled materials and designed to support upgrades, reducing plastic waste and future resource use or new orders, limiting exposure to supply chain disruption through reduced replacement of parts.
2. Adopting a zero waste to landfill policy with its suppliers will support the recycling and manufacture of components closer to the UK, reduce operational costs, and strengthens its position in a transitioning low-carbon economy.
3. Replacing its fleet with electric vehicles and providing funding for home electric vehicle chargers would ensure that the fleet can operate and charge in the event of disruption to major roads.

IFRS S2 Report continued

Physical risks continued

Chronic risks

Energy efficiency and resilience in supply chain

Increase costs in its supply chain caused by increasing energy costs if energy efficiency solutions are not put in place. All Allwyn facilities are outsourced and rely on electricity, including data centres, resulting in higher energy consumption and energy costs.

Horizon: Long

**Potential risk:
Very Low to Low**

Scoring rationale:

While energy costs for Allwyn office operations are relatively stable, the reliance on electricity could lead to long-term cost increases if Allwyn landlords take limited action on energy efficiency measures. This could affect the heating and cooling of office spaces, leading to higher operational costs over time.

Business Response:

It is not expected for Allwyn to face high spikes to energy costs for the data centre due to a Consumer Prices Index (CPI) linked supplier contract. For Allwyn's estate, office electricity usage is relatively consistent. Additionally, its new London office has zero gas dependency.

Chronic risks

Absence of net zero strategy

Allwyn UK is still in the process of developing its net zero strategy which will consider how to address chronic climate risks (e.g. gradual temperature rises or resource scarcity). These risks could expose the company to operational disruptions over time, particularly if climate risks begin to affect the broader market or specific assets.

Horizon: Long

**Potential risk:
Very Low to Low**

Scoring rationale:

The expected impact is minimal across all time horizons and climate scenarios as Allwyn has plans in place to develop a robust strategy to address climate risks, including chronic risks, as part of its wider net zero strategy.

Business Response:

Allwyn currently has in place its Net Zero Action Plan which will be further developed in 2025 into an SBTi aligned net zero strategy. The IFRS ISSB assessment recommendations will be included within the strategy. Furthermore, Allwyn has approved Business Continuity Plans (BCP) across each function in the business. The climate response and mitigation plan will be integrated within relevant BCPs.

Linked Opportunity:

1. Allwyn will engage with its supply chain to support their own de-carbonisation journeys as part of developing its own net zero strategy, achieving synergies in emissions reduction for Allwyn and its suppliers. Furthermore, there is the opportunity to collaborate with the Group and industry peers to leverage knowledge and initiatives.
2. Allwyn colleagues from all across the business will be engaged and upskilled as part of the net zero strategy process, enabling their input in the design of bespoke and fit for purpose sustainability actions.

IFRS S2 Report continued

Climate resilience

Allwyn is committed to embedding sustainability in our operations and value chain, delivering on our Net Zero Action Plan, and setting our net zero strategy and targets in 2025. The climate risk assessment highlights medium-impact climate risks in the long-term horizon. Market risks, such as reduced customer purchasing power due to climate change, have a greater impact in the long-term time horizon, especially in the Hot House scenario, where global economic disruptions are severe. Reputation risks, although low, could have an impact, as failure to meet net zero targets could harm stakeholder perceptions.

While impact in the short-term time horizon is minimal, there is an increase in risk in the long term across all scenarios. Policy and legal risks, including non-compliance with climate reporting, may lead to fines or regulatory breaches. This risk grows in the Orderly and Disorderly scenarios as reporting requirements tighten. Acute physical risks, such as climate-induced shipping disruptions, becomes a medium risk in the Hot House scenario, where extreme weather intensifies. However, opportunities exist, particularly in expanding digital solutions in the Orderly and Disorderly scenarios. A stronger digital offering reduces reliance on physical infrastructure and aligns with evolving consumer preferences driven by climate awareness.

To contribute to climate resilience, the business has identified the following key actions to take:

- Expanding the current Net Zero Action Plan to a net zero strategy
- Fleet decarbonisation by 2030
- Align Allwyn's supplier base with our net zero ambition to ensure its Scope 3 decarbonisation targets are met once they have been developed in 2025.

Operational resilience

Allwyn has in place a Business Continuity Plan (BCP) that supports the organisation in building operational resilience to disruption and capability for effective response to safeguard the business in the event of disruption, including from climate-related matters.

We are reporting our climate-related financial disclosures aligned to the IFRS framework. This assessment was carried out in 2024, and the results were presented to the Board in March 2025. Looking ahead, Allwyn will use the results of the IFRS S2 assessment to inform a review of measures necessary to mitigate exposure and capitalise on climate-related opportunities.

Metrics and Targets

Allwyn monitors its performance across absolute and intensity environmental indicators, keeping the organisation informed and accountable for its environmental performance and ambition. Allwyn measures its carbon footprint (Scope 1 and 2 greenhouse gas (GHG) emissions) and relevant Scope 3 GHG emissions [see SECR report](#). Furthermore, the measurement methodology used by Planet Mark is aligned to the GHG Protocol.

Allwyn is gathering its carbon footprint baseline for 2024 and will be setting its near- and long-term net zero targets in 2025. Achieving net zero by 2050 is in line with the net zero requirements set out by the UN-backed Race to Zero campaign and the Science Based Targets initiative. Furthermore, Allwyn is considering other climate-related metrics linked to the identified risks and opportunities, which will be incorporated in the next assessment of IFRS S2 recommendations in 2025.

Next steps

In 2025, we will continue our alignment to the IFRS S2 recommendations by actioning the below:

- Strategy: Quantification of financial impacts of identified risks and opportunities across climate scenarios (where methodologies and data availability permit).
- Transition Plans: Expand climate resilience measures in response to climate-related risks and opportunities.
- Risk Management: Integrate climate scenario analysis with existing functional level risk identification process.
- Metrics and Targets: Drive climate resilience further by reviewing climate-related metrics in both its GHG footprint, and physical and transitional risks to identify targets to incorporate IFRS S2 cross industry metrics.

The Strategic Report on pages 2 to 48 has been approved and signed by the order of the Board by:

Justin King

Chair

29 July 2025



Chair's introduction

"

I am immensely proud of The National Lottery and how all our stakeholders, and indeed those charged with governance, support it.

Justin King
Chair

"



I'm pleased to introduce the Company's first ever Corporate Governance Report as operator of The National Lottery. Allwyn has undertaken, so far as it is practical, to comply with the principles of good governance and code of best practice as set out in 'The UK Corporate Governance Code' (the 'Code'), published by the Financial Reporting Council in July 2018, in line with the requirements under the Fourth Licence.

The Board's commitment to business integrity, high ethical values, corporate responsibility and professionalism in all its activities aligns with the overriding duty in the Fourth Licence to ensure Allwyn operates a system of corporate governance, internal control and risk management which is fit for purpose and results in good governance. This report outlines the approach adopted in relation to the principles contained in the Code and provides an explanation of any current departure from the provisions of the Code.

In support of Allwyn's transformative ambition, during the year, Allwyn has strengthened its Board with the addition of three independent non-executive directors joining the already very talented and diverse group.

The Board comprises the skill and balance required to shape and drive its ambition, allowing it to navigate technological and market changes whilst upholding the Matters to be Protected¹, at its heart.

Allwyn is in the first year of a 10-year programme of transformation of The National Lottery as it looks to offer more games, attract more players, inject more entertainment and raise more money for Good Causes. In 2024, the Board has overseen investment in the implementation of the Company's bid to begin The National Lottery's transformation of £342m², as well as returns to Good Causes of over £1.6bn.

Myself and fellow Board members were delighted to be able to visit a number of National Lottery funded projects this year. These included a community funded project that supported local young people, empowering them to create positive change in their community and tackle tensions surrounding their local football pitch and play area. A further project we visited included a heritage funded project that has brought an unused building at an iconic venue back to life – providing a tourist attraction to generate vital income for this veteran's project. These visits really brought home the impact that this funding makes to people and places. My Board and I look forward to seeing more of how National Lottery funding really does change lives.

I am immensely proud of The National Lottery and how all our stakeholders, and indeed those charged with governance, support it.

Justin King
Chair
29 July 2025

¹ These matters being: the interests of Participants in the National Lottery; that The National Lottery is run with integrity and that games are, and are perceived as being, honestly and fairly run and that prizes are accurately awarded and paid in accordance with the rules of each game; The National Lottery brand; the reputation of The National Lottery; and, the ability to comply with the Licence.

² This includes all Implementation Costs in the Annual Report and Accounts and related capital assets.

UK Corporate Governance Code provisions

Throughout 2024, Allwyn has applied the Principles and complied with all the Provisions of the 2018 UK Corporate Governance Code (the Code) with the exception of:

Provision 3

A formal general meeting for Allwyn is not necessary or applicable given Allwyn's corporate structure and shareholding. The shareholders can communicate their views to the board and its Committees through their representatives (four shareholder nominated Non-Executive Directors).

Provision 30

Given Allwyn's shareholders have access to Allwyn's financial information through their representation on the Board and its Committees, it is not necessary for Allwyn to publicly report half-yearly financial statements.

Provision 24

Instead of being comprised of only Independent Non-Executive Directors, Allwyn's Audit Committee is comprised of three Independent Non-Executive Directors and one shareholder representative Director. The principle of the code is maintained as the shareholder representative is independent of management.

Provision 32

Instead of being comprised of only Independent Non-Executive Directors, Allwyn's Remuneration Committee is composed of two Independent Non-Executive Directors and one shareholder representative Director. The principle of the code is maintained as the shareholder representative is independent of management.



Detailed analysis of Allwyn's compliance with the code

UK Corporate Governance Code theme

Board leadership and purpose

- A. A successful Company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.
- B. The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.
- C. The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.
- D. In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.
- E. The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long-term, sustainable success. The workforce should be able to raise any matters of concern.

Division of responsibilities

- A. The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.
- B. The Board should include an appropriate combination of Executive and Non-Executive (and, in particular, Independent Non-Executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the Executive Leadership of the Company's business.
- C. Non-Executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.
- D. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs to function effectively and efficiently.

Detailed analysis of Allwyn's compliance with the code *continued*

UK Corporate Governance Code theme continued

Composition, succession and evaluation

A. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

B. The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.

C. Annual evaluation of the Board should consider its composition, diversity and how effective members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Audit, risk and internal control

A. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

B. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.

C. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take to achieve its long-term strategic objectives.

Remuneration

A. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.

B. A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome.

C. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.

Governance Framework

Key

Independent Non-Executive Director

Executive

Shareholder nominated Non-Executive Director

Board

Justin
King Sharon
DohertyVictoria
Mckenzie-GouldSimon
BurkeLord Sebastian
CoeAdrian
JosephAndria
Gibb Katarina
KohlmayerKenneth
MortonPavel
ŠarochRobert
Chvátal

Audit

Simon Burke Victoria
Mckenzie-GouldLord Sebastian
CoeKatarina
Kohlmayer

Compliance & Risk

Victoria
Mckenzie-Gould Simon
BurkeKenneth
Morton

Remuneration

Sharon
Doherty Adrian
JosephPavel
Šaroch

Nomination

Sharon
Doherty Lord Sebastian
CoeRobert
Chvátal

Details of the roles and responsibilities of these Committees can be found on pages 64–67

Board of Directors

The Board of Directors plays a crucial role in governance of Allwyn UK. Its responsibilities include:

- Setting the strategy of the Company and promoting the long-term success of Allwyn for the benefit of Participants, Good Causes, the shareholder and wider stakeholders
- Demonstrating ethical leadership and overseeing good governance
- Ensuring effective management with the shareholder and key stakeholders
- Ensuring necessary resources are in place to meet the statutory duties of demonstrating propriety, protecting Participants and, subject to those, ensuring returns to Good Causes are maximised
- Setting the framework of prudent and effective controls to manage risk
- Reviewing trading performance
- Overseeing the key programmes of change including transformation and operational and commercial programmes
- Reviewing key commercial partnerships, approval of budgets, approval of all capital and operating expenditure and contracts over specified amounts, which vary depending on the nature of the expenditure
- Providing assurance to the regulator through reporting and certifications.

Our Board Directors are:



Justin King
Chair

Role

Justin King leads Allwyn's Board and spearheads the Company's efforts to reinvigorate The National Lottery. One of the best-known names in British retail, Justin has been a leader and innovator in customer-facing businesses for over three decades.



Andria Gibb
Chief Executive Officer

Role

Andria Gibb is the CEO of Allwyn. Andria was formerly EMEA CEO at Tag Worldwide, a global marketing production business, having previously held the position of CEO of EMI in the UK and Ireland. Andria was formerly CEO of Centaur Media, as well as holding senior roles at Capital Radio, Bauer Media and the BBC.



Lord Sebastian Coe
Senior Independent
Non-Executive Director

Role

Lord Sebastian Coe has been President of World Athletics since 2015 and was elected a member of the International Olympic Committee in July 2020. He serves as Non-Executive Chairman of CSM Sport and Entertainment within the Chime Communications group; a Non-Executive Director of the Vitality companies; a Non-Executive Director of Fortescue Metals Group; and a Non-Executive Director of the British Olympic Association.

Board of Directors *continued*



Sharon Doherty
Independent
Non-Executive Director

Role

Sharon Doherty currently works as the Chief People and Places Officer at Lloyds Banking Group and brings significant executive experience from organisations with large, diverse workforces in the technology, telecommunications, and aviation sectors from her roles at Finastra, Vodafone and BAA Heathrow Airport.



Victoria McKenzie-Gould
Independent
Non-Executive Director

Role

Victoria McKenzie-Gould brings experience of working across complex stakeholder environments, including during her time as a Special Adviser to Prime Minister Tony Blair. She has since worked in corporate affairs leadership roles in high-profile, consumer facing brands undergoing significant change, such as Tesco and Britvic PLC, and currently works as the Corporate Affairs Director at Marks & Spencer PLC.



Simon Burke
Independent
Non-Executive Director

Role

Simon Burke is a chartered accountant with over 30 years' experience in the consumer, retail and leisure sectors. He is currently the Chair of Bakkavor Group Plc, Blue Diamond Group and The Light Cinema Group.



Adrian Joseph OBE
Independent
Non-Executive Director

Role

Adrian Joseph OBE is one of the UK's leading applied data and AI focused technologists with over 20 years' experience in AI, big data, cloud, analytics and digital strategy.



Robert Chvátal
Non-Executive Director

Role

Robert Chvátal is CEO of the Group and is the former CEO of SAZKA a.s., having joined in 2013. He is also a member of the Board of Directors of individual companies within the Group, including Greek lottery operator, OPAP, and serves on the supervisory board of Austrian Lotteries.

Board of Directors continued



Pavel Šároch
Non-Executive Director

Role

Pavel Šároch has been CIO of KKCG since 2010, having joined KKCG in 2008. Pavel is also a member of the Board of Directors of KKCG, and of individual companies within the Group, including OPAP, as well as serving on the supervisory board of Austrian Lotteries.



Katarina Kohlmayer
Non-Executive Director

Role

Katarina Kohlmayer has been CFO of KKCG since joining in 2014. Katarina is also a member of the Board of Directors of KKCG and of individual companies within the Group, including OPAP, as well as serving on the supervisory board of Austrian Lotteries.



Kenneth Morton
Non-Executive Director

Role

Kenneth Morton has been the CFO of the Group since 2020, prior to which he was the Head of Corporate Finance at KKCG. Kenneth has spent more than two decades in various corporate finance positions and has extensive experience in capital markets and M&A.

Independent non-Executive Directors

The Independent Non-executive Directors (INED) were independent of both management and the shareholder and have been appointed for a one-year term. The Independent Non-Executive Directors have full access to management and were encouraged to stay fully abreast of the Company's business through site visits and meetings with management.

Membership and attendance

[see page 64–67 for committee responsibilities →](#)

Attendance of Directors at Board and Committee meetings during the year was as follows:

C = Chair

M = Member

	Board	Audit	Compliance and Risk	Remuneration	Nomination
Justin King	C (14/14)				
Andria Gibb	M (14/14)				
Lord Sebastian Coe	M (7/14)	M (2/4)			M (1/3)
Sharon Doherty	M (10/14)			C (4/4)	C (3/3)
Victoria McKenzie-Gould	M (13/14)	M (4/4)	C (9/9)		
Simon Burke	M (14/14)	C (4/4)	M (7/9)		
Adrian Joseph	M (8/8)			M (4/4)	
Robert Chvátal	M (14/14)				M (3/3)
Pavel Šároch	M (10/14)			M (4/4)	
Katarina Kohlmayer	M (11/14)				
Kenneth Morton	M (14/14)	M (4/4)	M (9/9)		

The table shows the number of meetings attended by each Director against the number of meetings they were entitled to attend.

Our Articles of Association and each Committee's Terms of Reference provide further information on the requirements for meetings being quorate.

Executive Committee

We have brought together an impressive leadership team with extensive experience in lottery, retail, gaming, digital and entertainment sectors. In addition to Andria Gibb, Chief Executive Officer, our Executive Committee is comprised of:



Alan Artz
Chief Financial Officer

Role

Alan Artz joined Allwyn and Camelot in 2023 in a dual role to support the smooth transition between the Third and Fourth National Lottery licences. Alan joined from William Hill where he served as the CFO for the online business and also took responsibility for the retail business. Alan previously held senior finance roles in several blue-chip companies including Sky, BT and Barclays.



Gaby Heppner Logan
Chief Assurance Officer

Role

Gaby Heppner-Logan previously served as Camelot's Director of Regulatory Affairs. Gaby joined Camelot in 2018 and was previously BT's Group Director of Regulatory Affairs and formerly led marketing, communications, employee engagement and corporate social responsibility teams at Openreach, BT and Cable & Wireless.



Samantha Sheriff
Chief People & Places Officer

Role

Samantha Sheriff previously served as Chief People Officer at both Allwyn and at Camelot during 2023, taking on a dual role to support the smooth transition from the Third to the Fourth National Lottery Licence. Samantha previously worked in senior people leadership roles across retail, professional services, software and technology, construction and luxury hospitality.



Chris Lyman
Chief Customer Officer

Role

Chris Lyman joined Allwyn in 2023 from Lotto New Zealand where he served as Chief Executive since 2018. Prior to that, Chris was the Chief Operating Officer for five years. During his tenure, Lotto New Zealand embraced digital play and experienced record levels of growth. Chris previously held several roles in UK retail, specialising in channel growth and operations.

Executive Committee *continued*



Mark Smith
Chief Technical Officer

Role

Mark Smith previously served as Chief Technology Officer at ITV, spearheading the launch of ITV Hub and more recently ITVX. Mark was previously at the BBC, with responsibility for the building and running of BBC iPlayer. Prior to this, he was Director of Online Delivery and Operations at Sky, where he worked across a wide range of consumer facing digital services.



Alastair Ruxton
Chief Corporate Affairs Officer

Role

Alastair Ruxton led the delivery of Allwyn's successful bid to operate the Fourth National Lottery. Alastair was previously a member of the London 2012 bid team and worked with the Organising Committee for the London 2012 Olympic and Paralympic Games from start to finish. Alastair originally trained as a lawyer.



Mark Hughes
Chief Security Officer

Role

Mark Hughes leads all areas of security for The National Lottery – this includes information security, game platform security and physical security. Mark was previously Chief Information Security Officer at Smart DCC, the organisation responsible for the secure and interoperable communication network that supports the rollout of smart meters across the UK.



Harry Willits
General Counsel

Role

Harry Willits joined Allwyn in 2022. Harry has held a series of senior legal roles in the leisure and entertainment industry, including serving as Group General Counsel at William Hill, General Counsel and Company Secretary at Gala Coral Group and General Counsel and Company Secretary at Luminar Plc. Harry was previously Head of Leisure at law firm, Wragge & Co.

Division of Responsibilities

Chair's role:

The Chair of the Board has specific responsibilities:

- Creating conditions for overall Board and individual Director effectiveness
- Promoting a culture of openness and debate
- Setting a Board agenda focused on strategy, performance, value creation, culture, stakeholders and accountability
- Ensuring effective decision-making processes and challenges to major proposals
- Fostering constructive relations between Executives and Non-Executive Directors.

Non-Executives' role:

Allwyn's Non-Executive Directors (including group representatives and independents) are chosen for their breadth of experience and their appropriate calibre. Their role is to:

- Bring specialist knowledge, valuable insight and key contacts in relevant industries
- Bring objectivity to Board deliberations (particularly where they are deemed independent from company management)
- Provide constructive challenge, strategic guidance and hold management accountable.

Company Secretary

Allwyn's Company Secretary ensures adherence to legal and regulatory requirements and promoting good governance. Their role is to:

- Ensure compliance with statutory and regulatory requirements
- Implement decisions made by the Board
- Organise and attend Board meetings, preparing agendas and taking minutes
- Advise the Board on governance matters
- Maintain statutory records and ensure filings with relevant authorities.

Chief Executive's role:

Allwyn's CEO is a member of the Board of Directors. Within the parameters established by the Board, the CEO:

- Plays a pivotal role in shaping the strategic direction
- Collaborates with the Chair of the Board to define a broad and forward-looking agenda
- Determines and oversees the execution of the Board's directions and policies
- Disseminates the mission and strategic direction to the workforce.

Senior Independent Non-Executive's role:

In addition to the role responsibilities for the Non-Executive role, the senior Independent Non-Executive's role is to:

- Act as sounding board for the chair and provide support where needed
- Lead the annual evaluation of the chair and address any concerns that arise
- Serve as an intermediary for other directors, helping resolve conflicts and ensuring constructive board dynamics.

Board Committees

The Board delegates some of its responsibilities to Board Committees. However, the Board took direct responsibility for the review and monitoring of key areas. The design and authority of these Committees are directed to Allwyn by compliance with the UK Corporate Governance Code and through compliance with the Fourth National Lottery Licence.

Division of Responsibilities *continued*

Matters reserved

The Board discharges its responsibilities by delegating certain Board oversight and decision-making authority to relevant **Board Committees**. The authority of the Committee is described within its Terms of Reference. Where this is not delegated, the matter is reserved for the Board. Certain matters are also reserved for the shareholder as described within Allwyn's Articles of Association.

Board purpose and culture

The Board believes that its responsibilities are not only to govern operational performance but also to focus on how the Board and colleagues perform in accordance with our desired culture, and, that this focus should be continuous rather than periodic. The Chair holds the Board to account to ensure it operates in accordance with expectations and creates the right conditions to encourage open, honest and transparent debate. The Board also holds the Executive to account, via its CEO, to observe that culture in operational delivery. For the year in review, the Board specifically:

- agreed and monitored the Allwyn values of Innovative, Inclusive and Trusted as an important set of principles to help guide the Board and colleagues to make the right decisions

- approved an Ethical Decision-Making Framework to ensure Allwyn will act ethically, responsibly, honestly and fairly in both fact and perception, exhibiting demonstrable moral behaviour and actions. With outcomes at heart, Allwyn will do everything it can to ensure that the way National Lottery products are promoted, sold and made available does not damage any of the Matters to be Protected (these matters being: the interests of Participants in The National Lottery; that The National Lottery is run with integrity and that games are, and are perceived as being, honestly and fairly run and that prizes are accurately awarded and paid in accordance with the rules of each game; The National Lottery brand; the reputation of The National Lottery; and the ability to comply with the Licence)
- approved via its Remuneration Committee, the 10-year licence bonus structure (in line with Allwyn's bid commitments), Executive compensation structures including both long and short-term incentive, pay review processes and budgets and equal pay reporting
- oversaw via its Nominations Committee, the succession planning for the Executive Team and the company-wide organisation design work, providing input based on their experience where required
- oversaw the delivery of enterprise-wide training of Allwyn's values and key policies.

In addition to ongoing colleague engagement through its Executive, the Board saw the commissioning, and received reporting against, the colleague Engagement Survey. This survey recognised the change that the organisation is going through and provided a solid basis for opportunities for further engagement, as well as showing encouraging evidence of a positivity towards:

- Strong allegiance to The National Lottery and its purpose
- Allwyn's commitment to its social value approach
- Health and well-being
- Inclusivity
- Upgrade of benefits
- Strong line management and a new Executive Team forming and having a positive start

Activities of the Board

The Board, led by the Chair, ensures that each Director can make an effective contribution. The Chair monitors, with assistance from the Company Secretary, the information distributed to Board to ensure that it is sufficient, accurate, timely and clear. This information covers key areas of Allwyn's affairs, including:

- seeking decision on Board appointments and reappointments;
- the agreement of the overall strategy;
- performance reporting over trading, financial matters and transformation delivery;
- oversight of regulatory relationships and key commercial partnerships;
- approval of budgets, business plans and significant transactions.

The CEO maintains day-to-day management responsibility for the operations, implementing strategies and policies agreed by the Board and its Committees. An exceptionally busy first year of monthly Board meetings were held. They followed a formal agenda, which included regular reporting from the CEO, where board approval was required. The Board also received and reviewed updates of Committee activity and escalations, deep dives into business topics of importance and other matters for the Board's information.

At the beginning of each regular Board meeting, the chair met with the Non-Executive Directors for a private session in the absence of the CEO and other senior management. All board members are free to raise other issues at Board meetings, including the reporting of any actual or perceived conflicts of interests so as not to compromise any decision or judgement. All Director challenges, proposed actions and decisions are recorded in the Board minutes. Upon resignation, a Non-Executive Director with any such concerns can circulate them to the Board via a written statement to the Chair.

Throughout the year, all Directors had access to the Company Secretary, who was responsible for ensuring that Board procedures were followed. There was also a procedure in place enabling any Director, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Division of Responsibilities *continued*

Induction and training

Allwyn provides a tailored induction programme for new Directors comprising a combination of introductory meetings, visits, briefing materials, and the opportunity to meet stakeholders. The induction content includes amongst other things: management structure; strategy; past and present annual business plans and performance reporting; current and recent board topics; carbon literacy; ethical decision making; Trust arrangements; and the regulatory framework.

Board evaluation and effectiveness

The Board agrees with the Financial Reporting Council's UK Corporate Governance Code that there should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. As such, during the year in review, the Chair (and the senior Independent Non-Executive Director for the Chair) conducted an internal board evaluation ahead of board member reappointments due in January 2025. The evaluation, among other things, considered:

- the skills and diversity of Board and whether any gaps exist
- each member's role and whether leadership is effective and efficient
- how the Board operates in practice and in accordance with process
- how members participated in Board discussions, demonstrated expertise and contributed to strategic decision making
- the sharing of insight and best practice with fellow Directors and within Committees
- how the Chair fostered a positive board culture, upholding ethical standards
- attendance, preparation and provision of constructive feedback.

This evaluation concluded that the Board is effective and has discharged its duties in a timely, efficient and effective manner. Each director engaged positively with the process and will take appropriate action when development needs have been identified.

The Chair, guided by the Nominations Committee, will also commission a further evaluation in 2025 and an externally facilitated Board performance evaluation during 2026.

Licence Compliance

The Directors are responsible for maintaining and operating a system of corporate governance, internal control and risk management, which is suitable for ensuring compliance with the Fourth Licence to operate The National Lottery, Section 6 Licences to promote games, and any other provisions imposed by or under any statute which relate to the running of The National lottery. This system of internal control includes regular reporting of Allwyn's performance against the outcomes of the Fourth Licence and compliance and regulatory matters to the Executive team, the Compliance and Risk Management Committee and the Board.

Stakeholder Engagement

Engaging with key stakeholders is seen as critical by the Board to foster trust and collaboration. In compliance with the UK Corporate Governance Code, Allwyn's Board effectively engages with its stakeholders to ensure that it understands their interests and concerns. The Board also has oversight over management activity in engaging with stakeholders with reporting to Board and Board Committees, covering key activities and output.

Allwyn's Board of Directors includes four shareholder nominated Non-Executive Directors. This ensures that shareholder representation must be considered for every board discussion and decision.

Allwyn regularly updates stakeholders through annual reporting, regulatory filing and frequent press releases to keep stakeholders informed about key activities and performance. Through the Corporate Affairs function, the Board is kept abreast of any wider stakeholder concerns.

For more information on stakeholders, please see the [Stakeholder Section](#) in the Strategic Report.

S172(1) Companies Act 2006

Section 172(1) of the Companies Act 2006 requires Directors to act in the way that they consider, in good faith, would most likely promote the success of the Company and in doing so have regard (amongst other matters) to the:

- likely consequences of any decision in the long term
- interests of the Company's colleagues
- need to foster the business relationships with suppliers, customers and others
- impact on the community and the environment
- desirability to maintain a reputation for high standards of conduct
- need to act fairly between members of the Company.

The Board of Directors is aware of its responsibilities and considers it has acted in accordance with its statutory duties by having regard to the matters set out above. Allwyn's [key stakeholders](#), and our interaction with them.

Risk Management and Internal Control

Managing risks

Under the National Lottery operating licence, Allwyn is required to establish and maintain an effective system of corporate governance, internal control and risk management. To achieve this, Allwyn operates a 'three lines of defence' model, with the first line of defence being functions that own and manage risks, Risk and Assurance functions acting as the second line of defence and Internal Audit acting as the third line.

The purpose of the Risk and Assurance function is to ensure that the Company maintains an Enterprise Risk Management (ERM) process that demonstrates the effective risk management and corporate governance processes and compliance expected under the licensing requirements. In addition, it ensures that there are adequate insurances in place to protect the assets of the business. The key outputs from this activity are the principal risk registers and the functional risk registers which give top-down and bottom-up views of risk.

The Compliance function which includes embedded resource across the organisation, 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, Allwyn operated an effective self-assessment programme.

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 the Company's internal controls and risk management. This is achieved through a programme of reviews based on a continuous assessment of business risk and controls across the business, but taking into consideration the transition to the Fourth Licence in the year and the transformation agenda.

Roles and responsibilities

Board of Directors:

The Board carried out a robust assessment of the Company's principal risks during the year and provided oversight over the ERM process to ensure that it informed, developed and helped achieve Allwyn's objectives.

Compliance and Risk Management Committee (CRMC):

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

The Committee considered the Company's key risk profile and the actions taken and controls in place or plans to mitigate exposures.

Compliance and Risk Committee (CRC):

A sub-committee of the Executive, reviewed the risk appetite and tolerance, considered the overall risk position and evaluated the effectiveness of the ERM process. Findings were communicated to the Executive Committee for review. [See Principal Risks.](#)

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. At the start of the Licence, Company-wide communication and training sought to ensure a high level of risk awareness in the Company and together with risk reporting to the Board, allowed the Board to ensure that focused steps were 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 Functional 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, as well as managing these risks within the risk appetite/tolerance established by senior management and agreed by the Board and CRMC.

Risk Management and Internal Control *continued*

1

Risk Identification

Risks are identified by each function, classifying risks into nine main risk categories under a common taxonomy (see Risk Categories, Risk Appetite and Tolerance 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 Allwyn's objectives within a specified timeframe. This review of risk is undertaken on a quarterly basis.

3

Risk Response and Action

For each identified risk, the business unit/function is required to establish a 'response' to manage the risk based upon the agreed risk appetite and tolerance for that risk category.

4

Monitoring

Risk and response activities are monitored by the risk owner on a regular basis to ensure that their risks remain within tolerance.

5

Reporting

The Board and CRMC require the results of the ERM process to be regularly 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.

All risks identified within the business, whether functional or principal, were allocated to one or more of the risk categories below

- Strategic
- Financial
- Commercial
- Operational & Technology
- Information Security
- People
- Regulatory
- Reputation and Brand
- Integration, transition and change

The Company's risk appetite, which is set by the Board, clearly articulates the amount of acceptable risk within which the Company can operate. The established risk appetite and tolerance 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. There is a clear difference between the two concepts. Risk appetite is about intent while tolerance is more pragmatic – we cannot eliminate risk and therefore we set acceptable limits within which to manage it. A scale of low to high illustrates the range of risk appetite, as well as risk tolerance, across each of the nine categories of risk. For example, the Company might have taken more risks in the pursuit of commercial objectives than it would have done with respect to legal or regulatory requirements.

Board Committees

Audit Committee

Audit committee

Simon Burke (Chair)
Victoria McKenzie-Gould
Lord Sebastian Coe
Katarina Kohlmayer.

The role of the Audit Committee is to support Allwyn's corporate governance by reviewing, overseeing, challenging and assessing the internal control framework and the internal and external audit functions.

The Committee oversees the independent audit of financial statements and the resolution of audit findings in areas including internal control, legal and regulatory compliance.

The Committee, led by the Chair, ensured that each director was able to make an effective contribution. The Chair monitored, with assistance from the Company Secretary, the information distributed to the committee to ensure that it was sufficient, accurate, timely and clear.

Throughout the year under review, all Committee Directors had access to the Company Secretary, who was responsible for ensuring that Committee procedures were followed.

The Audit Committee met four times during the year in review and included representation by the shareholder. The Audit Committee was responsible for ensuring that the system and quality of internal control, and, especially of

financial reporting, were to the highest standards, and for ensuring that the interests of the shareholder is safeguarded.

The Committee was also responsible for considering how Allwyn should apply its financial reporting and internal control principles, for maintaining an appropriate relationship with the external auditors (including assessing their independence) and ensuring the independence and effectiveness of the Internal Audit function.

The Audit Committee reviewed Allwyn's financial and accounting policies, and the Annual Report and financial statements (including significant financial reporting judgements contained in them) prior to their submission to the Board. Where requested by the Board, the Committee provided advice on whether the final financial statements, taken as a whole, were fair, balanced and understandable.

It also reviewed key financial reporting due under Licence requirements, and had oversight of Implementation Costs, and the controls and processes to manage third party supply contracts. The Committee also oversaw the appointment of a new external audit partner, as well as the external auditors' appointment, their management representation letter, and considered any other matters raised by the external auditors.

Internal Audit reported at each Audit Committee during the year in review. The Committee approved the appointment of a new Head of Internal Audit in the year, approved the Internal Audit plan and received performance reporting against it. The Committee considered the output of this activity alongside the opinions of external audit and that of the operational business to form its opinion of the effectiveness of internal control. Internal Audit attended all Committee meetings in the year, and the Committee assessed their effectiveness through this regular interaction.

Throughout the year in review, the Audit Committee oversaw the continuous review of the effectiveness of the Whistleblowing Policy and any resulting investigations and outcomes.

At each meeting, the committee met separately with the external auditors and the Head of Internal Audit, without any Executive Board members present. The Committee was also responsible for reporting to the Board on how it had discharged its responsibilities.

PricewaterhouseCoopers LLP (PwC) continued as the Company's external auditors. The Committee considered the relationship with its external auditors was working well and remained satisfied with its effectiveness, taking into consideration relevant UK professional and regulatory requirements. The Committee was involved in selecting a new external audit partner in the year and the new partner is now in their first year. The external auditors attended all Committee meetings in the year, and the Committee assessed their effectiveness through this regular interaction.

Reporting of significant issues

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

Revenue recognition

Having reviewed the revenue recognition policy and considered the internal controls in place, the Committee concluded that the revenue recognition policy is in line with International Financial Reporting Standards (IFRS) requirements.

Capitalisation of Assets

The Committee has reviewed the accounting policies as set out in [Note 2](#) of the financial statements to ensure that they meet the accounting standards requirements, and the appropriateness of the capitalisation decisions adopted by management. They concluded that current internal controls and processes designed to ensure that these policies were applied in the accounting period and that capitalised assets were correctly captured, valued and reported.

Treatment of complex supplier contracts

The Committee has reviewed the accounting policies as set out in [Note 2.16](#) of the financial statements specifically applying IFRS 16 to ensure that they meet the accounting standards requirements. The Committee also reviewed management's assessment of the application of these policies to complex supplier contracts. The Committee concluded that the policies were applied in the current accounting period and that contracts have been correctly accounted for.

Board Committees *continued*

Compliance and Risk Management Committee (CRMC)

Members of the CRMC

Victoria McKenzie-Gould (Chair)
Simon Burke
Kenneth Morton.

The role of the CRMC is to oversee, review and challenge the development and implementation of Allwyn's compliance and risk management framework, function and compliance plan, including compliance with the Fourth National Lottery Licence itself.

On behalf of the Board, the CRMC was responsible for overseeing and challenging the implementation of appropriate risk management processes and systems, providing assurance to the Board that Allwyn collectively manages risks within risk appetite, ensuring effective control, compliance, overseeing exceptions and maintaining accurate and timely risk information to support effective decision-making. [See Principal Risks.](#)

In accordance with the Licence, the CRMC must adopt and implement risk management arrangements which are fit for purpose and reflect best practice. The Committee must monitor and consider:

- the compliance of Allwyn with the Conditions of its Licence to operate The National Lottery;
- the compliance of Allwyn, its staff and subcontractors with its strategies, policies, processes and procedures;
- any irregularity, fraud or material misconduct by Allwyn's staff, subcontractors; and
- the adequacy of Allwyn's risk management arrangements.

Led by the Chair, the CRMC ensured that each Director was able to make an effective contribution. The Chair monitored, with assistance from the Company Secretary, the information distributed to the CRMC to ensure that it was sufficient, accurate, timely and clear.

The CRMC assisted the Board in fulfilling its responsibilities for managing risk, overseeing the internal control framework, and determining the nature and extent of the principal risks Allwyn was willing to take to achieve its objectives. Responsibilities of the Committee in respect of risk were to ensure an appropriate framework was provided for managing risks, including the setting of risk appetite, and to review the detailed status of risk management.

The Committee met nine times during the year in review and included representation by the shareholder. During the year the CRMC:

- reviewed and approved the risk management framework, including risk appetite statements
- agreed the principal risks
- reviewed and challenged all risks outside of appetite and tasked management to rectify
- reviewed and challenged each quarter's Performance Report, providing assurance to the Board that the management of risk was indeed supporting the achievement of objectives. This included any applicable reporting oversight for social value and ESG (Environmental, Social and Governance) reporting and the oversight of any exception reporting as identified in the business
- reviewed and approved all of Allwyn's strategies, policies, processes and procedures on behalf of the Board.



Board Committees *continued*

Nominations Committee

Members of the Nominations Committee

Sharon Doherty (Chair)
Lord Sebastian Coe
Robert Chvátal.

The role of the Nominations Committee is to lead the appointments process, to ensure orderly independent Non-Executive Director and Executive Board members' succession plans are in place, and, to oversee the development of a diverse succession pipeline, considering the skills and expertise required for the Board.

The Committee, led by the Chair, ensured that each Director was able to make an effective contribution. The Chair monitored, with assistance from the Company Secretary, the information distributed to the Committee to ensure that it was sufficient, accurate, timely and clear.

Throughout the year under review, all Committee Directors had access to the Company Secretary, who was responsible for ensuring that Committee procedures were followed. The Committee was also responsible for reporting to the Board on how it had discharged its responsibilities.

The Committee was responsible for adopting a formal, rigorous and transparent procedure for the appointment of Directors, and for considering and recommending suitable new candidates who had the time to commit and

were able to provide constructive challenge, strategic guidance and specialist advice, and would hold management to account.

The Nominations Committee met three times during the year in review and included representation by the shareholder. During the year the Committee:

- oversaw the appointment of an additional Independent Non-Executive Director to Allwyn using the external provider, Audeliss Executive Search, who are independent and have no previous connection to the Company or individual Directors
- agreed the approach to the Board evaluation process whilst also considering succession planning of the Board. This included the consideration of Board having sufficient time and skill to exercise its responsibilities
- agreed the annual reappointment of Directors
- considered the approach for senior management succession
- considered the review of the operating model.

Through Allwyn's Diversity, Equality and Inclusion Policy, Allwyn commits to ensuring equity for our existing and potential workforce, while ensuring the diversity of its people is reflective of the diversity of the Participants and communities, and that its Board is gender and ethnically diverse.

Board Members (incl. CEO)

Total Board members	11
Male Board members	7
Female Board members	4
% Male Board members	64%
% Female Board members	36%

Executive Team Members

Total Executive members	9
Male Executive members	6
Female Executive members	3
% Male Executive members	67%
% Female Exec members	33%

Senior Management Members (Exec & Direct Reports)

Total Senior Management members	53
Male Senior Management members	27
Female Senior Management members	26
% Male Senior Management members	51%
% Female Senior Management members	49%

Employees (Perm & FTC Only – excludes Exec & Snr Team)

Total employees	1276
Male employees	675
Female employees	601
% Male employees	53%
% Female Employees	47%

Board Committees *continued*

Remuneration Committee

Members of the Remuneration Committee

Sharon Doherty (Chair)
Adrian Joseph
Pavel Šárochl.

The role of the Remuneration Committee is to ensure propriety in making decisions about Executive Leadership, Chair of the Board and Independent Non-Executive Director compensation through transparency and governance, and to ensure the approach to remuneration aligns with Allwyn's mission to grow The National Lottery responsibly, in line with the business plan and broader social value commitments.

The Committee met four times during the year in review and included representation by the shareholder.

The Committee, led by the Chair, ensured that each Director was able to make an effective contribution. The Chair monitored, with assistance from the Company Secretary, the information distributed to the Committee to ensure that it was sufficient, accurate, timely and clear.

Throughout the year under review, all Committee Directors had access to the Company Secretary, who was responsible for ensuring all Committee procedures were followed. The Committee was also responsible for reporting to the Board how it discharged its responsibilities.

As part of the annual remuneration assessment, the Committee reviews and approves the employee bonus scheme rules, pool of participants, as well as the overall financial pool available for bonuses and the allocation of the pool across different functions and demographics of employees.

The Committee also receives regular updates from the Chief People & Places Officer on wider workforce pay matters and takes this into account when setting the remuneration policy for the Executive Leadership team.

Any bonus scheme has been (and continues to be) based on returns to Good Causes, profitability, social value targets and individual performance. All bonus scheme payments are underpinned by an operational integrity scorecard including Matters to be Protected. Bonus awards were capped with a maximum payout, and the scheme has provisions for underperformance.

Remuneration for the CEO and Executive Leadership team comprise of both fixed and variable elements of reward to ensure appropriate alignment to performance and delivery of the business strategy. Fixed elements of reward comprise of base salary, annual benefits and participation in a defined contribution pension scheme or a cash allowance in lieu. Variable pay comprises of participation in the annual bonus scheme and a cash-based long term incentive scheme.

During the year, the Committee agreed compensation for the CEO and Executive team, including base pay, bonuses (short and long) and benefits, along with any exit arrangements.

This also included long-term incentive plans for the CEO and senior management which is designed to complement the annual bonus by incentivising the delivery of longer-term business goals and strategies, rewarding Executives for delivering commitments to The National Lottery and returns to Good Causes, and supporting retention of Executive talent over the longer term. The current cycle of the scheme is based on returns to Good Causes and profitability and is payable in 2027, subject to being employed in the business and not under notice.

The Committee also reviewed Gender and Ethnicity Pay Gap reporting, while also considering the independence, and lack of connectivity to the Company and individual Directors, of Ellason LLP as its advisors and reviewed advice around executive remuneration and benefits.

The Remuneration Committee is satisfied that the remuneration policy has operated as intended during the year under review and that the remuneration paid was reflective of the performance over the period.

Directors' Report

Board of Directors

The Directors who held office during the year and to the date of signing, are set out below:

	Member since
Robert Chvátal	
Andria Gibb	
Katarina Kohlmayer	
Kenneth Morton	
Justin King	
Pavel Šaroch	
Sharon Doherty	
Victoria McKenzie-Gould	
Simon Paul Burke	1 February 2024
Lord Sebastian Newbold Coe	1 February 2024
Adrian Christopher Joseph	1 June 2024
Sir Keith Mills	resigned 31 January 2024
Harry Willits	was appointed as the company secretary on 6 February 2024, following the resignation of Jonathan Handyside who resigned on 6 February 2024.

Shareholder

The Company is an immediate subsidiary undertaking of Allwyn UK Holding Ltd, incorporated in the United Kingdom. Allwyn UK Holding Ltd is a subsidiary of Allwyn International AG, a leading multi-national lottery operator.

The largest group of undertakings in which the results of the Company are consolidated is that headed by KKCG AG.

Political contributions

Regulated by the Gambling Commission, the Company plays a pivotal role in UK public life, delivering critical funding for the 12 National Lottery Distributors to distribute for the benefit of community, sport, arts and heritage in the UK, its nations and regions and locally. As such and while remaining politically neutral, the Company has engaged with stakeholders, so they are aware of its forthcoming plans during the Fourth Licence to grow The National Lottery responsibly and champion its impact. As part of this outreach, this has included engagement with all major political parties sitting in Parliaments and elected bodies in the UK, including the devolved administrations.

Although the Company has not made any contributions in cash or in kind to any political party, whether by gift or loan, the definition of political donations used in the Companies Act 2006 ('the Act') is significantly broader than the sense in which these words are ordinarily used. In 2023, it therefore declared in the accounts the Company's sponsorship of a Conservative Party 1922 Committee event held in Parliament for £20,000 and its membership of the Labour Business Network for £35,000 (ex VAT). There were no political contributions in 2024.

Going concern

As necessary for submissions to the Gambling Commission in accordance with the Fourth Licence, management has prepared detailed budgets and cash flow forecasts covering a period through to December 2027. For the purposes of assessing going concern, management has leveraged these wider forecasts and has determined an assessment period of 18 months from the date of approval of the Annual Report and Accounts (the "going concern period"). These have been evaluated and reviewed in significant detail and approved by the Board.

The wider macroeconomic climate along with other operational and financial uncertainties create financial liquidity risk for the Company. There has been robust assessment of the sensitivities of these budgets and going concern period cash flows against the Company's exposure to these risks. This assessment was reviewed and approved by the Board in March 2025. A further update to this analysis was reviewed and approved in May 2025 and again in June 2025 when the

Board approved the new financing agreement to include extending the Revolving Credit Facility of £60.0m and a new Term Loan of £80.0m.

Given the Fourth Licence economic model, the Company was always expected to be in a net liability position at the start of the Fourth Licence given the upfront investment in Implementation Costs. Any increase to these costs and/or a delay or reduction in their recovery, has an impact on the Company's operating result and cash flows. Management has prepared detailed sensitivity analysis as discussed in the Viability Statement below to stress test the financial headroom taking into account these and other liquidity risks.

The Board has reviewed these sensitivities which include assessing the impact of scope and timing decisions of the technology upgrade on the quantum and timing of related investment.

Further scenarios covered a delay or decrease in recovery of these costs, including within the going concern period. In all these severe downside cases, these forecasts indicate sufficient financial liquidity within the going concern period.

The Company is engaging with the Commission to update Schedule 6 of the Licence and reflect the new finance agreement covenants. In addition, as a contingency, HSBC has agreed to amend the financing agreement (which would otherwise default to the licence covenants) should it be required. On this basis the Board was able to conclude that the Company had sufficient liquidity to comply with its finance agreement covenants for the going concern period.

Directors' Report continued

External, independent legal counsel advice was sought relating to the potential enforcement matter which supports the Board's position that the risk of a significant financial penalty or revocation of the licence is remote and is mitigated by our ongoing actions to achieve technical cutover to the new technology systems, other available mitigating factors, and the proper exercise and application of the Commission's statutory and public law duties.

Taking consideration of these facts together with the access to financial liquidity from the Revolving Credit Facility and Term Loan, the Directors have therefore concluded that the Company is expected to remain within its loan covenants and will have sufficient liquidity to meet its liabilities as they fall due over the course of the going concern period.

Therefore, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over the course of the going concern period which is defined as 18 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Viability statement

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 three years.

The Directors have considered the period to be appropriate, having considered the Company's licence to operate The National Lottery (which is expressed to expire on 31 January 2034). The Annual Business Plan and Annual Budget were approved by the Board in December 2024 and the mid-term plan covering the rest of the period of the Viability assessment was approved in January 2025, with the Board having reviewed and approved an update in May and June 2025.

Due to the strength of The National Lottery's games, channels and brand – combined with the ongoing investment in new technology and commercial ambitions – The National Lottery's business model has resilient foundations and expectations for strong future performance. The budget for 2025 reflects stable sales performance in line with underlying marketing support and acknowledges the operational focus on the technology transformation project. The growth expected over the remaining period of the three-year plan is aligned with the commercial ambitions of the Company.

Company share of the surplus before Implementation Costs and related cash flows are forecast to be generated in line with the commercial performance ambitions and economic model. However, Company cash flows are impacted by the continued upfront investment in Implementation Costs. The recovery of these costs is in line with the Enabling Agreement and Fourth Licence economic model and requires upfront funding from the Operator, with delayed recovery of a portion of this over the rest of the Licence. Forecasts include an estimate of the timing and amount of this recovery – however the exact timing and quantum is not within the Company's control.

On 25 July 2025, the Company signed an extension to the £60.0m committed Revolving Credit Facility, which is available for a period of three years from the signing date, and renewable for a further two years at the option of the lender. Concurrently, the Company also increased cash resources with a Term Loan providing a further £80.0m repayable in tranches in 2027.

The Revolving Credit Facility was available throughout 2024 (2023: £60.0m) and the amount drawn down under this facility on 31 December 2024 was £nil (2023: £nil). The Company has covenants in place which are discussed in Note 7 of the financial statements section.

The three-year forecast shows a requirement for the use of the Term Loan with only minimal utilisation of the Revolving Credit Facility potentially being required over the intra-month low point when Lottery Duty is due. Given the significant upfront investment of Implementation Costs, as these start to be recovered once the technology cutover is complete, the Company's operating profits and cash resources increase enabling the repayment of the Term Loan.

A number of sensitivities were run to stress test the three-year assessment period taking into consideration operational, regulatory and financial downside risks as well as factoring in matters that are not in the Company's control. These include factoring in decreases in Gross Gaming Revenue from either lower sales performance, higher prize payout, or delays to the commercial roadmap and increases in operating costs, delays to technical transformation and delays to the timing and value of recovery of Implementation Costs.

The Board also considered the impact of the regulatory risk around the Gambling Commission's investigation into the missed milestone under the terms of the Enabling Agreement as discussed in the section on [Principal Risks](#) and above under going concern.

These sensitivities, along with an analysis of cash flow points over the period, demonstrate that the Company has sufficient liquidity given the availability of the Revolving Credit Facility, together with the Term Loan. This access to financial liquidity enables the Company to cover all reasonable downside operational scenarios over the three-year period. Given the considerable upfront investment in Implementation, cash flows are highly sensitive to the timing and quantum of recovery of these costs, which is not in the Company's control and is dependent on the Gambling Commission's processes as described in the Enabling Agreement. A further mitigation is that a portion of the Term Loan could be refinanced in 2027 ahead of repayment should this be required.

This access to financial liquidity enables the Company to cover severe downside scenarios. The Directors have therefore concluded that the Company is expected to remain within its loan covenants and will have liquidity to meet its liabilities as they fall due.

The Directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that could threaten the business model, future performance, solvency and liquidity of the Company and covering the economic recovery to the Operator of The National Lottery under the Fourth Licence.

Directors' Report *continued*



To support this assessment, the Board monitors the Company's risk management and internal control systems on a rolling basis, with senior management reviewing and updating the Company's key risk register quarterly, this is then reviewed by the Compliance and Risk Management Committee at every meeting.

The Committee is also informed of, and considers, all material risks and internal control systems issues (including, for example, any significant control failings). Among the identified Principal Risks as detailed are: People, Talent and Culture; Information/ Cyber Security; Technology; Social Value and Environmental; Regulatory Environment and Relationship; Commercial Operations; Financial, Liquidity and Funding; Protecting Participants Interests; Transformation; and Management of Corporate Reputation.

These risks are discussed in further detail in [Principal Risks](#).

Taking into account the Company's current performance, the existence and unexpired period of the Company's licence to operate The National Lottery, the existence of the three-year forecast, the financial resources that the Company has in place with the Revolving Credit Facility and Term Loan 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 three-year period ending 31 December 2027.

Future developments

The Company's sole activity is to operate The National Lottery in the UK under the Fourth Licence, which became effective on 1 February 2024.

All of our key planned activities to deliver this have been discussed throughout the Strategic report, where appropriate and applicable.

Directors' indemnities

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 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the Report is approved, having made enquiries of fellow Directors and management, the Directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements 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.

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

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.

The Directors consider the Annual Report and Accounts to be fair, balanced and understandable and provides the information necessary for the shareholder to assess the Company's position and performance, business model and strategy.

On behalf of the board

Andria Gibb
Director
29 July 2025

Independent auditors' report to the members of Allwyn Entertainment Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Allwyn Entertainment Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss 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 Statement of financial position as at 31 December 2024; the Statement of comprehensive income, the Statement of Changes in Equity and the Statement of cash flow for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Audit scope

- The scope of our audit covers a single legal entity, whose operations are solely in the UK and the business also operates as one segment.

Key audit matters

- Complex Supplier Arrangements
- Capitalisation of Intangible Assets
- Assessment of Going concern

Materiality

- Overall materiality: £15.6 million (2023: £3.7 million) based on 0.5% (2023: 3%) of Revenue from gaming activities (GGR) (2023: Total Expenses).
- Performance materiality: £11.7 million (2023: £2.8 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.

As a result of Allwyn Entertainment Ltd beginning the operation of the Fourth National License, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Report on the audit of the financial statements *continued*

Key audit matter

Complex Supplier Arrangements

As this is the first year of operations, numerous complex supplier arrangements have been established, with more ongoing in preparation for the Fully Implemented Commencement (FIC). FIC is defined as the point when Allwyn Entertainment Limited is no longer dependent on the historic technology provider, which is the primary third-party provider of technology to the outgoing licensee. These arrangements encompass various components, including the supply of goods, maintenance services, customised software design, and Software as a Service.

During the year, the FIC related expenses amounted to £103.2 million (2023: £126.4 million). Intangible asset additions included £36.8 million (2023: £31.8 million) related to the FIC, while tangible asset additions included £14.7 million (2023: £7.8 million) also related to the FIC. As at 31 December 2024 capital commitments totalled £16.5 million (2023: £102.6 million).

The complexity of these arrangements, coupled with the monetary impact and the required judgement in accounting for them, makes accounting for complex supplier contracts a significant risk and the audit of these complex supplier arrangements has been identified as a key audit matter.

These complex supplier agreements impact transactions and balances disclosed in the following notes to the financial statements:

- Note 5—Operating loss after implementation costs
- Note 9—Intangible assets
- Note 10—Property, plant and equipment
- Note 22—Commitments and Contingencies

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to, the following:

- Examined the minutes from the meetings of the board of directors and conducted inquiries with management to understand FIC and the related costs.
- Obtained copies of the underlying agreements, analysed key terms and services, and evaluated management's assessments regarding the accounting treatment of significant contracts.
- Assessed the key aspects of the agreements to ensure that the appropriate accounting treatment was applied, verifying any management judgements with supporting evidence.
- For a selection of capital commitments, lease arrangements, expenses, and capital expenditures, we gathered and corroborated management's calculations, verified these calculations against the underlying contracts where applicable, and assessed the accuracy of cost classification and recognition. This process ensured the appropriate classification in accordance with IFRS 16—Leases, IAS 38—Intangible Assets, and IAS 16—Property, Plant, and Equipment.

The findings were discussed with management and we found that the assumptions and estimates made by management were supportable and that the arrangements were appropriately accounted for and disclosed in the financial statements.

Report on the audit of the financial statements *continued*

Key audit matter

Capitalisation of Intangible Assets

In preparation for the FIC, there has been substantial capitalisation of intangible assets. A total of £42.1 million (2023: £31.3 million) was capitalised during the year, resulting in a year end balance of £86.1 million (2023: £44.0 million). Of this, £72.4 million (2023: £44.0 million) pertains to assets under construction, and £36.8 million (2023: £31.8 million) relates to the FIC.

In line with IAS 38–Intangible Assets, an item is recognised as an asset when it is probable that the future economic benefits attributable to the item will flow to the entity, and the cost of the asset can be measured with reliability.

The key areas of judgement in this process involve evaluating whether the costs incurred are likely to yield future economic benefits, determining the timing of capitalisation, and differentiating between capital and operating expenditures. The significance of these judgments, combined with the materiality of the associated amounts, has led us to identify the capitalisation of intangible assets as a key audit matter.

Intangible assets are disclosed within note 9 of the financial statements.

How our audit addressed the key audit matter

Our audit procedures included, but were not limited to, the following:

- Understood management's process for determining whether costs related to a specific project should be expensed or capitalised. If capitalised, we further understood the process for categorising these costs as pertaining to either property, plant and equipment or intangible assets.
- Obtained copies of the underlying agreements, analysed key terms and services, and evaluated management's assessments regarding the accounting treatment of specific additions during the year. Our assessment focused on whether the IAS 38 capitalisation criteria were met by evaluating whether it is probable that future economic benefits attributable to the item will flow to the entity. For assets brought into use, we assessed whether the asset is actively used and if it is forecasted to generate economic benefits.
- For capitalised costs, we obtained management's detailed calculations to verify the amounts recorded for the period. We ensured these aligned with the underlying agreements, timesheets, and invoices for non-salary costs. Where applicable, we corroborated this information with our understanding of the project.
- Evaluated management's annual impairment assessment over intangible assets which concluded that there is no impairment during the period.

The findings were discussed with management and we found that the assumptions and estimates made by management were reasonable and that the capitalisation of intangible assets were appropriately accounted for and disclosed in the financial statements.

Report on the audit of the financial statements *continued*

Assessment of Going concern

Refer to note 2.3 of the financial statements.

The quantum and timing of ongoing implementation costs in relation to the technology upgrade potentially could give rise to a liquidity risk, specifically whether the company is able to operate within its financing facilities and comply with all related covenants. There is also a risk associated with the notice of potential enforcement action from the Gambling Commission regarding a missed contractual milestone in the Enabling Agreement. This led us to identify going concern as a key audit matter.

See the section "Conclusions relating to going concern" below for how we addressed this key audit matter.

Report on the audit of the financial statements continued

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 from the UK.

The impact of climate risk on our audit

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

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	£15.6 million (2023: £3.7 million).
How we determined it	0.5% (2023: 3%) of Revenue from gaming activities (GGR) (2023: Total Expenses)
Rationale for benchmark applied	We have applied this benchmark as it is our understanding that Revenue from gaming activities (GGR) is a principal measure monitored by the company’s shareholder in assessing the financial performance of the company. Materiality in the prior year was set on the basis of total assets as the company was not a lottery operator in the prior period.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £11.7 million (2023: £2.8 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 £780,500 (2023: £185,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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:

- Understanding the entity’s business model and economic factors.
- We evaluated the assumptions in the cash flow forecasts under the Base case and severe but plausible downside scenarios, which included revenue growth, cost projections, and working capital needs.
- We assessed the sufficiency of management’s sensitivity analysis, used within their severe but plausible downside cashflow forecasts which included the combination of a reduction in revenue, a delay in the technology upgrade going live with a resultant increase in costs, and a delay in the period when these costs are recovered.
- We have made enquiries as to the current status of the technology upgrade and read the reports produced by independent experts in conjunction with those prepared for the board, and obtained representation from the board over successful and timely completion.
- We verified that the projected cash flows align with management’s underlying assumptions and plans.
- We obtained a copy of the new revolving credit (RCF) and term loan facilities agreement, and confirmed that they are active as of the date of this report, and valid through the going concern period.
- The forecast for the going concern period indicates utilisation of the RCF, resulting in interest charges. We have assessed the impact of related Interest charges over the going concern period and confirmed that the company is forecast to remain within the covenants.
- Specifically in response to the potential enforcement matter, we have evaluated management’s conclusions, supported by independent legal opinion and the mitigating factors put forward. We have assessed and are satisfied with the independence, objectivity, and competence of the external independent legal counsel.

Report on the audit of the financial statements *continued*

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 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Corporate governance statement

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

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

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

Report on the audit of the financial statements *continued*

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of the Fourth 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 judgements and estimates. Audit procedures performed by the engagement team included:

- Making enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgments made by management in significant accounting estimates, to address the risk of management bias;
- Review of meeting minutes of the Audit, Risk and Security Committee, Compliance and Risk management Committee, Board of Directors and other committees, and review of internal audit reports;
- Review of relevant correspondence with the UK Gambling Commission in respect of matters relevant to ongoing compliance with the Fourth National Lottery Licence; 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.

Report on 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.

Alex Hookway (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

29 July 2025

Statement of comprehensive income

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Revenue from gaming activities (GGR)	4	3,122.0	–
Lottery Duty		(857.1)	–
National Lottery Distribution Funds	3	(1,557.2)	–
Retailers' and other commission		(222.9)	–
Gaming-related operating costs		(128.0)	–
Marketing costs		(176.9)	–
Other administrative operating costs		(191.4)	–
Operating loss before Implementation Costs		(11.5)	–
Implementation Costs		(103.2)	(126.4)
Operating loss after Implementation Costs	5	(114.7)	(126.4)
Finance income	7	6.5	0.4
Finance cost	7	(8.0)	(12.0)
Loss before taxation		(116.2)	(138.0)
Tax credit on loss	8	42.7	28.1
Loss for the financial year and total comprehensive income attributable to the owners of the Company after tax		(73.5)	(109.9)

The accompanying notes on pages 83 to 104 form part of the financial statements.

Statement of financial position

as at 31 December 2024

		2024 £m	2023 £'m
Non-current assets			
Intangible assets	9	84.8	44.0
Property, plant and equipment	10	123.1	8.3
Right-of-use assets	11	50.8	7.4
Deferred tax assets	12	70.3	34.9
Trade and other receivables	14	9.3	2.1
		338.3	96.7
Current assets			
Inventories	13	2.1	0.2
Trade and other receivables	14	470.7	35.1
Cash and cash equivalents	15	220.7	137.3
		693.5	172.6
Total assets		1,031.8	269.3
Current liabilities			
Trade and other payables	18	(761.6)	(156.2)
Lease liabilities	19	(13.8)	(0.5)
Provisions	20	(11.4)	–
		(786.8)	(156.7)

		2024 £m	2023 £'m
Non-current liabilities			
Trade and other payables	18	(88.0)	(0.1)
Lease liabilities	19	(37.4)	(7.0)
Provisions	20	(7.6)	–
		(133.0)	(7.1)
Total liabilities		(919.8)	(163.8)
Net assets		112.0	105.5
Equity			
Called-up share capital	21	0.3	0.3
Share premium account	21	346.6	266.6
Accumulated losses		(234.9)	(161.4)
Total Shareholders' funds		112.0	105.5

The accompanying notes on pages 83 to 104 form part of the financial statements.

The financial statements on pages 79 to 82 were approved by the Board of Directors on 29 July 2025 and were signed on its behalf by:

Justin King
Chair

Andria Gibb
CEO

Statement of changes in equity

for the year ended 31 December 2024

	Note	Called-up share capital £m	Share premium account £m	Accumulated losses £m	Total Shareholders' (deficit)/funds £m
As at 1 January 2023		–	41.6	(51.5)	(9.9)
Share capital issued	21	0.3	225.0	–	225.3
Loss for the financial year		–	–	(109.9)	(109.9)
As at 31 December 2023		0.3	266.6	(161.4)	105.5
As at 1 January 2024		0.3	266.6	(161.4)	105.5
Share capital issued	21		80.0	–	80.0
Loss for the financial year		–	–	(73.5)	(73.5)
As at 31 December 2024		0.3	346.6	(234.9)	112.0

Statement of cash flow

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Loss after tax		(73.5)	(109.9)
Adjustments for:			
Depreciation and amortisation	5	26.5	1.7
Tax-credit	8	(42.7)	(28.1)
Finance income	7	(6.5)	(0.4)
Finance costs	7	8.0	12.0
Cash flows used in operating activities before movements in working capital		(88.2)	(124.7)
Movements in working capital			
Increase in inventories	13	(1.9)	(0.2)
Increase in trade and other receivables	14	(444.9)	(6.3)
Increase in trade and other payables	18	668.5	54.9
Movement in provisions	20	(0.5)	–
Cash generated from/(used in) operations		133.0	(76.3)

	Note	2024 £m	2023 £m
Cash flow from/(used in) operating activities		133.0	(76.3)
Group relief receipts		14.9	–
Interest received		5.3	0.4
Net cash flow from/(used in) operating activities		153.2	(75.9)
Cash flows used in investing activities			
Purchase of intangible assets	9	(42.1)	(31.3)
Purchase of property, plant and equipment	10	(96.9)	(7.9)
Net cash outflow used in investing activities		(139.0)	(39.2)
Cash flows from/(used in) financing activities			
Interest paid		(4.7)	(0.5)
Other finance costs		(1.2)	(1.2)
Loans from group companies		4.8	–
Repayment of lease liabilities	19	(9.7)	(1.1)
Share capital issued	21	80.0	225.2
Net cash flow from financing activities		69.2	222.4
Net increase in cash and cash equivalents		83.4	107.3
Cash and cash equivalents at 1 January	15	137.3	30.0
Cash and cash equivalents at 31 December	15	220.7	137.3

Notes to the financial statements

1. General information

The Company is a private company limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 13157556 and the registered address is 37-39 Clarendon Road, Watford WD17 1JA.

The Company was incorporated on 25 January 2021, and commenced operating the UK's National Lottery on 1 February 2024, under the Fourth National Lottery Licence. The Fourth National Lottery Licence was formally awarded to the Company, by the Gambling commission, on 31 January 2024, effective 1 February 2024, with a 10-year term.

2. Material accounting policies

The accounting policies set out below, unless otherwise stated, have been applied consistently in the financial statements.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK, and in accordance with the requirements of the Companies Act 2006, applicable to Companies reporting under IFRS.

The Company has adopted full IFRS for the financial year ended 31 December 2024, having previously prepared its financial statements in accordance with FRS 101: Reduced Disclosure Framework for the year ended 31 December 2023, therefore the corresponding figures, as well as balances as at 1 January, have been expanded to include the provisions under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by fair values.

The presentation currency of these financial statements is GBP sterling, and all values are presented in millions (£m), rounded to nearest £0.1m unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.5.

2.2 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

The International Accounting Standards Board has issued a number of minor amendments to IFRSs that become effective from 1 January 2024 or subsequent years, some of which have not yet been endorsed for use in the UK. These amendments are not expected to have a significant impact for Allwyn Entertainment Limited.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Going concern

As necessary for submissions to the Gambling Commission in accordance with the Fourth Licence, management has prepared detailed budgets and cash flow forecasts covering a period through to December 2027. For the purposes of assessing going concern, management has leveraged these wider forecasts and has determined an assessment period of 18 months from the date of approval of the Annual Report and Accounts (the "going concern period"). These have been evaluated and reviewed in significant detail and approved by the Board.

The wider macroeconomic climate along with other operational and financial uncertainties create financial liquidity risk for the Company. There has been robust assessment of the sensitivities of these budgets and going concern period cash flows against the Company's exposure to these risks. This assessment was reviewed and approved by the Board in March 2025. A further update to this analysis was reviewed and approved in May 2025 and again in June 2025 when the Board approved the new financing agreement to include extending the Revolving Credit Facility of £60.0m and a new Term Loan of £80.0m.

Given the Fourth Licence economic model, the Company was always expected to be in a net liability position at the start of the Fourth Licence given the upfront investment in Implementation Costs. Any increase to these costs and/or a delay or reduction in their recovery, has an impact on the Company's operating result and cash flows. Management has prepared detailed sensitivity analysis as discussed in the Viability Statement on pages 69 to 70 to stress test the financial headroom taking into account these and other liquidity risks.

The Board has reviewed these sensitivities which include assessing the impact of scope and timing decisions of the technology upgrade on the quantum and timing of related investment.

Further scenarios covered a delay or decrease in recovery of these costs, including within the going concern period. In all these severe downside cases, these forecasts indicate sufficient financial liquidity within the going concern period.

The Company is engaging with the Commission to update Schedule 6 of the Licence and reflect the new finance agreement covenants. In addition, as a contingency, HSBC has agreed to amend the financing agreement (which would otherwise default to the licence covenants) should it be required. On this basis the Board was able to conclude that the Company had sufficient liquidity to comply with its finance agreement covenants for the going concern period.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.3 Going concern (continued)

External, independent legal counsel advice was sought relating to the potential enforcement matter which supports the Board's position that the risk of a significant financial penalty or revocation of the licence is remote and is mitigated by our ongoing actions to achieve technical cutover to the new technology systems, other available mitigating factors, and the proper exercise and application of the Commission's statutory and public law duties.

Taking consideration of these facts together with the access to financial liquidity from the Revolving Credit Facility and Term Loan, the Directors have therefore concluded that the Company is expected to remain within its loan covenants and will have sufficient liquidity to meet its liabilities as they fall due over the course of the going concern period.

Therefore, after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over the course of the going concern period which is defined as 18 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.4 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.

2.5 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable taking into account relevant available information. Actual results may differ from those estimates on which management's estimates are based.

The critical estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and estimates

Implementation Costs – judgement

The Directors note that there are judgements involved in the application of the Enabling Agreement language in classification of costs as Implementation Costs. Costs considered Implementation Costs are subject to detailed governance arrangements within the Enabling Agreement. The amounts treated as Implementation Costs are consistent with those reported within these processes which removes much of the judgement.

Capitalisation and impairment of assets – judgement

Judgements are also involved in capitalisation of assets including property, plant and equipment, intangible assets and right-of-use assets and in the assessment of impairment of assets. These judgements include determining whether the costs meet the accounting standard requirements to be capitalised or whether they are instead expensed including the treatment of spend on software-as-a-service. There is also judgement in determining the useful life of the assets and into which category of asset to capitalise in line with the accounting policies.

Deferred tax assets – judgement

In recognising the deferred tax assets related to deductible temporary differences, the Directors have had to make a judgement around the probability that taxable profit will be available against which the deductible temporary difference can be utilised. Given the Company has a ten-year licence to operate The National Lottery, and the fact that most of the temporary differences arising at the balance sheet date arise due to the significant start-up costs rather than ongoing operating matters, it is considered appropriate that the Deferred Tax Asset can be fully recognised.

Unsettled gaming contracts – estimate

The Directors have had to make an estimate of the expected outflows relating to unsettled gaming contracts. This has involved level 2 observable inputs primarily relating to actual historical transactions demonstrating prize payout percentage.

Other – estimate

There are a number of other, non-significant estimates that are used in the financial statements that are made in the process of applying the Company's accounting policies, these primarily relate to the discount rate and the incremental borrowing rate applied to measure long-term decommissioning and dilapidation provisions and lease liabilities.

2.6 Revenue recognition and revenue from gaming contracts

Revenue from gaming activities (Gross Gaming Revenue or GGR) arises across a portfolio of games that includes draw-based games, Scratchcards and interactive Instant Win Games. GGR represents Gross Gaming Revenue for draws played, Scratchcards and Instant Win Games (IWGs) less Prizes for draws played, Scratchcards and IWGs after recording any GGR fair value adjustment for future gaming contracts.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.6 Revenue recognition and revenue from gaming contracts (continued)

All revenue is derived from and originates in the United Kingdom and the Isle of Man. The presentation of Gross Gaming Revenue is consistent with common practice within the gaming industry and that of the Allwyn Group.

Draw-based games

Draw-based games are lottery games that have fixed odds or parimutuel elements of their prize matrices. For fixed odds prizes, the exact prize amount is specified within the game rules and the total quantum of prizes fluctuates depending on the level of winners. For parimutuel prizes a proportion of the ticket sale is set aside for each prize tier and prizes move only in proportion with the number of tickets sold. The Company operates a prize pool mechanism for games where in addition, a predetermined percentage of the ticket sales is allocated to a prize reserve.

All draw based games contain fixed odds in their prize structures therefore are considered to be financial instruments, with gross gaming revenue recognised in the statement of comprehensive income in accordance with IFRS 9. When a player purchases a draw-based game ticket from the Company, the unsettled position is considered a derivative financial instrument. The value of the unsettled position is contingent on the outcome of the draw and therefore from the point that a player has purchased a ticket in advance until the point that the draw is finalised, the Company has risk associated to this open position.

For draws that have completed, the amount recognised as "Revenue from gaming activities (GGR)" is the value of the ticket paid by the Player ("Gross Ticket Sales") less the prizes computed from these draws ("Prizes"). The Prize value will include recognition in full for contribution to the prize pool or reserve.

For tickets sold to players in advance, The Company has used data that is publicly available to derive the basis for the fair value calculation. The methodology assumes that the fair value is equal to the obligations that become due once the draw completes to include prizes paid to winners and regulatory cost and is considered to be a Level 2 measurement in the IFRS 13 valuation hierarchy. The prize value includes recognition in full for contribution to the prize pool or reserve. This allows Rollover funds to be carried forward to subsequent draws, and for special events to be funded.

The fair value of future gaming contracts is recognised as follows:

Within "Revenue from gaming activities (GGR)"

- "GGR fair value adjustment for future gaming contracts" which is total advanced sales for future gaming contracts, less the average statistical prize pay-out across all draw-based games in relation to the advanced sales gaming contracts.

Within "Gaming related operating costs"

- "Fair value adjustment for regulatory costs" reflecting the percentage that will be paid to the Government in the form of Lottery Duty and the amounts that will become due to Good Causes per the Forth Licence for the advanced gaming contracts.

Within current liabilities under "trade and other payables"

- "Unsettled gaming contract accruals" reflecting the accruals for the fair value of obligations for future gaming contracts.

Scratchcards

Retailers act on behalf of the Company and sell tickets to customers. Retailers are therefore agents of The National Lottery and earn a commission from the Company (the principal), for tickets sold.

Revenue in respect of Scratchcards is recognised at the point that pack (of Scratchcards) is settled by the retailer which is considered to be the best estimate of when the tickets are sold to the player. This is calculated as the earlier of:

- Payment by the retailer;
- When 60% of the lower value prizes have been claimed; or
- 30 days from activation of the pack of Scratchcards.

The only performance obligation for Scratchcard games is prizes which is computed at the theoretical prize payout for that game which represents the prize cost incurred.

Instant Win Games (IWG)

IWG are online games. When a Participant plays an IWG, it is instant, and the performance obligation is immediately satisfied. The price of the IWG ticket is recognised under revenue and the performance obligation satisfied is recognized within prizes as the actual amount paid to winning Participants.

Unclaimed prizes

If prizes remain unclaimed for 180 days from either the draw date for draw-based games, the close of a Scratchcard game or the date of play of an interactive Instant Win Game, they are paid to the National Lottery Distribution Fund. These amounts are not charged to the Statement of Comprehensive Income as they are already included as a prize cost and do not change their nature. There is a reduction in the prize liability on the balance sheet and 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.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.7 Lottery Duty

Lottery Duty is 12.0% of gross ticket sales and is recorded in line with HMRC regulations at the point that the draw occurs, Scratchcard ticket sale is recorded or IWG is played.

2.8 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 align with the Fourth Licence economic model and include:

- a share of the surplus before Implementation Costs after adjusting for a number of specifically excluded items;
- an additional fixed payment; and
- additional costs that the Gambling Commission instructs Allwyn to pay including reserve releases and Gambling Commission Implementation Costs as per the Enabling Agreement.

Although not in the Statement of Comprehensive Income, the amount generated for and due to the NLDF from The National Lottery in the year includes amounts paid during the year in unclaimed and unpaid prizes and interest earned on funds within the Participant Trust arrangement, as shown within Note 3.

2.9 Retailers' and Other Commissions

The commission rate paid for Scratchcard sales is 6% and 5% of gross ticket sales 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.

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

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

2.10 Implementation Costs

Costs relating to implementation are recorded in line with the Enabling Agreement definition which requires that this category only includes costs that are:

- incurred or accrued in relation to activities undertaken before licence start date (1 February 2024); or
- incurred after licence start date relating to implementation redundancy costs of third licence staff or costs of undertaking Outstanding Implementation Steps, specific activity governed by the Enabling Agreement processes relating to the Allwyn bid and related change requests.

All other costs cannot be Implementation Costs as defined and are within operating costs in line with the licence requirements.

The Enabling Agreement details a process whereby the Gambling Commission will determine the portion of the Implementation Costs that are "Recoverable".

After approval, a portion of these Recoverable Implementation Costs will be deducted from payments to the NLDF, in line with Schedule 5 of the Fourth Licence, over the remaining period of the licence. As these costs are only recoverable against future revenues earned for the NLDF and Allwyn does not have an unconditional right to recovery, no receivable for these costs is recorded. The recovery of Implementation Costs will be recorded in future years as an income to Allwyn over the period it is paid.

2.11 Finance income and finance cost

Interest income and interest expense is recognised using the effective interest rate method. In calculating interest income/expense, the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

2.12 Foreign currency translation

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 the nearest £0.1m, which is the Company's functional and the Company's presentation currency.

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are re-translated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.13 Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising when:

- certain types of income or expense are non-taxable or are disallowable for tax; or
- certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

2.14 Intangible assets

Intangible fixed assets held for use in the business are stated at cost less any subsequent amortisation and accumulated impairment losses.

Internally generated costs

Software Costs are broken down between internally generated and separately acquired assets. Internally generated costs are recognised as intangible assets if the following criteria are met:

- it is technically completed and available for use;

- it can be demonstrated that how the software will generate probable future economic benefits; and
- the expenditure attributed to the set-up can be reliably measured.

Any costs that do not meet the above criteria are expensed immediately in the income statement. Intangible assets purchased separately, such as software licences, that do not form an integral part of related hardware, are capitalised at cost.

Amortisation is provided on a straight-line basis over the estimated useful economic life of the asset, less any estimated residual value. Under the terms of the Fourth Licence the Company will operate The National Lottery until 31 January 2034. As a general rule the amortisation period will be compared with the end of the Fourth Licence and shortened if necessary. The amortisation basis for the principal asset categories is as follows:

- licence cost – over 10 years or the end of the Fourth Licence.
- separately acquired software – between 3 to 5 years or the end of the Fourth Licence depending on the asset.
- internally generated software – between 3 to 10 years or the end of the Fourth Licence depending on the asset

Cloud computing arrangements

Cloud computing arrangements such as software-as-a-service are evaluated to determine whether they contain a lease or an intangible asset or neither. Where the arrangement is not determined to be a lease, and the Company receives a resource that it can control, an intangible asset is recognised. If a cloud computing arrangement does not contain a lease or an intangible asset, then the right to access the underlying software in the cloud computing arrangement is generally a service contract. In such cases the fees paid for the cloud computing service are expensed in the income statement as the service is received.

2.15 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and impairment. 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 a straight-line basis to write off the cost or valuation, less estimated residual value of each asset in equal instalments over its expected useful life. Under the terms of the Fourth Licence the Company will operate The National Lottery until 31 January 2034. As a general rule the depreciation period will be compared with the end of the Fourth Licence and shortened if necessary.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.15 Property, plant and equipment (continued)

The depreciation basis for the principal asset categories for assets as follows:

- **Leasehold improvements** – over the unexpired period of the lease or the end of the Fourth Licence.
- **Computer hardware (excluding central gaming)** – the shorter of four years and the period to the end of the Fourth Licence.
- **Central gaming systems, Interactive hardware and Enterprise Resource Planning hardware** – the period to the end of the Fourth Licence or planned replacement date if earlier.
- **Fixtures and fittings** – the shorter of five years and the period to the end of the Fourth Licence.
- **Media screens** – the shorter of three years and the period to the end of the Fourth Licence.
- **Lottery terminals** – the period to the end of the Fourth Licence 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 Fourth Licence.
- **Other plant and equipment** – between two and five years, or planned replacement date or the period to the end of the Fourth Licence.

Impairment of non-financial assets

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). 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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is taken as the higher of an asset's fair value less costs of disposal and value in use. All impairment charges are recognised immediately in the income statement.

2.16 Leases

At the beginning of an arrangement and annually through review of new contracts entered into, the Company assesses whether a contract contains a lease. If an agreement is or contains a lease the Company recognises a right-of use asset and a lease liability in the statement of financial position on a present value basis. Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset or to restore the asset to previous condition at the end of the lease, and any lease payments made in advance of the lease commencement date.

Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability as a result of reassessment or lease modifications. Depreciation is charged over the shorter of the asset's useful life and the lease term on a straight-line basis.

The leases are subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and 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).

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.

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. Payments associated with these are recognised as an expense in the income statement on a straight-line basis over the term of the lease. Short-term leases are leases with a term of 12 months or less without a purchase option.

2.17 Financial instruments

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

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

2.18 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Short-term deposits invested in Money Market Funds are stated at fair value through the Statement of Comprehensive Income.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.18 Cash and cash equivalents (continued)

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.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings comprise amounts drawn down against the Company's bank facilities. 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 creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

All borrowing costs are recognised in the income statement for in the financial year in which they are incurred.

2.20 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 revenue 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.

2.21 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial instruments as described below.

Classification of financial assets

Debt instruments that meet both the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet both the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Additionally, on initial recognition, an irrevocable election may be made to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

IFRS 9 established an approach for the impairment of loans and trade receivables, an expected loss model, which focuses on the risk that a debt will default rather than when a loss has been incurred. Under the "expected credit loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring.

Notes to the financial statements continued

2. Material accounting policies (continued)

2.21 Financial assets (continued)

The Company has opted to use the simplified approach measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. For trade and other receivables, the Company is not exposed to any significant credit risk to any single counterparty or group of counterparties.

Recoverability of receivables

Debtors are considered credit impaired when management consider that the Company will not be able to collect all amounts due according to the original terms of the receivable. 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 and the amount of the loss is recognised in the profit and loss account within administrative expenses.

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

2.22 Financial liabilities

Classification of financial liabilities

All financial liabilities are classified as measured at amortised cost using the effective interest method. All financial liabilities are classified as measured at amortised cost using the effective interest method, or at fair value through profit and loss ("FVTPL.") A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains and losses on derecognition are recognised in profit or loss. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligations under that liability are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.23 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.

Provisions are also made for dilapidation, being the best estimate of the cost of bringing certain premises back to their original state as required by lease agreements, severance costs and future legal costs where there is a present legal or constructive obligation to incur this cost.

For long-term provisions with expected settlement beyond one year, management measures the provision at the present value of management's best estimate of the expenditure required to settle the obligation. This present value is determined using a discount rate that reflects the current market assessment of the time value of money. The accretion of the provision over time, resulting from the passage of time and the application of the discount rate, is recognised as interest expense in the statement of comprehensive income.

2.24 Pensions

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

2.25 Share capital and reserves

The Company recognises the issue of shares or other equity instruments as equity when it issues those instruments, and another party is obliged to provide cash or other resources to the entity in exchange for the instruments. The Company measures the equity instruments at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Notes to the financial statements continued

3. Non-GAAP measures

The following non-GAAP measures are used in the Annual Report and Accounts, and are reconciled to the Statement of Comprehensive income:

	2024 £m	2023 £m
National Lottery Distribution Funds as per the SOCI		
National Lottery Distribution Funds as per Schedule 5 of the Licence	1,503.7	–
Payment to the NLDF from funds in reserves	53.5	–
	1,557.2	–
Amounts due to the NLDF from The National Lottery		
National Lottery Distribution Fund per the SOCI	1,557.2	–
Plus: Trust Income earned	13.9	–
Plus: Unclaimed and unpaid prizes that would have been previously recognised within prizes and dormant wallet payments	98.6	–
Less: NLPF funding pursuant to condition 13.6	(3.8)	–
	1,665.9	–

Amounts due to the NLDF from The National Lottery for the 11-month period of £1,665.9m above compares with an amount of £1,434.1m for the last 10-month period in the Third Licence. The Third Licence amount paid to the NLDF includes unclaimed and unpaid prizes of £57.8m and is net of amounts received from the NLDF during the period of £70.5m for additional marketing spend of which there are no equivalents in the Fourth Licence.

In the year, an amount of £53.5m was paid to the NLDF from reserves following a directive from the Gambling Commission. This amount does not represent player funds or unclaimed prizes but is historic prize accounting cost that was transferred within the Players Trust arrangements at licence start date. The Gambling Commission instructed it to be paid to the NLDF and not shared with Allwyn as part of the incentive model.

	2024 £m	2023 £m
Returns to society		
Payments to the NLDF from The National Lottery	1,665.9	–
Lottery Duty per the SOCI	857.1	–
Retailers Commission	209.3	–
	2,732.3	–
Returns to society and winners		
Returns to society	2,732.3	–
Plus Prizes paid to Participants per Note 2.6	4,039.3	–
	6,771.6	–

4. Revenue from gaming activities (GGR)

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 designed to maximise the reach of The National Lottery. Revenue from gaming activities (GGR) is analysed as follows:

	2024 £m	2023 £m
Draw based games	4,258.0	–
Scratchcards	1,883.2	–
Instant Win Games (IWGs)	1,001.0	–
Gross Gaming Revenue for draws played, Scratchcards and IWGs	7,142.2	–
Prizes for draws played, Scratchcards and IWGs	(4,039.3)	–
GGR fair value adjustment for future gaming contracts (see Note 17)	19.1	–
Total revenue from gaming activities (GGR)	3,122.0	–

Notes to the financial statements continued

5. Operating loss after Implementation Costs

The operating loss after Implementation Costs is stated after charging/(crediting):

	2024 £m	2023 £m
Staff costs (see Note 6)	97.9	17.6
Depreciation of right-of-use assets	22.0	1.2
Depreciation of property, plant and equipment	3.3	0.6
Amortisation	1.3	–
Lease expenses relating to low value assets and short-term leases	1.2	0.4
Audit fees payable to the Company's auditors	0.9	–
Audit-related assurance services	0.7	–
Other Licensee Income	(0.2)	–

The amounts in 2023 are all Implementation Costs.

Within the operating loss after Implementation Costs there are £110.5m of excluded costs and (£0.2)m of excluded licensee income as per Schedule 5 of the Licence. The excluded costs relate primarily to Implementation Costs but also include other costs that the Operator bears, and Schedule 5 of the licence specifically calls out.

Implementation Costs include all operating costs that meet the definition of the Enabling Agreement in line with the accounting policies. They primarily relate to costs to run the transition and transformation program including the project management office, people costs including staff and contractors and various operating costs relating to technology changes where these do not meet capitalisation criteria. In 2023, the costs also included infrastructure and organisation set up costs and secondees costs from other lottery experts within the Allwyn Group.

Included with the operating loss after Implementation Costs, tangible asset and intangible asset additions is £92.4m of VAT (2023: £26.4m).

6. Employee numbers and costs

The Company employed on average 1,141 people during the year (2023: 105). The total number of employees as at 31 December 2024 was 1,338 (2023: 127).

On 1 February 2024, when the Company became the operator of the Fourth Licence, the majority of the previous operator's employees transferred to the Company by virtue of Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').

In the prior year, all colleagues were involved in developing and delivering the plans to transition The National Lottery from the Third to the Fourth Licence and to the Company as the new operator.

Employee expenses	2024 £m	2023 £m
Employee costs (including directors) comprise:		
Wages and Salaries	85.2	15.0
Social security costs	8.9	2.2
Other pension costs	3.8	0.4
	97.9	17.6

Monthly average number of employees	2024	2023
Retailer and consumer services	484	–
Sales and marketing	114	–
Information technology	197	–
Finance, administration and other	325	–
Transition and transformation	21	105
	1,141	105

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.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund during the year of £3.5m (2023: £0.4m). Contributions amounting to £0.1m (2023: £0.1m) were payable to the fund at the year end.

Key management personnel compensation	2024 £m	2023 £m
Short-term employee benefits	4.4	2.0
Other long-term benefits	1.3	–
Post-employment benefits	0.2	–
Total key management personnel compensation	5.9	2.0

Notes to the financial statements continued

6. Employee numbers and costs (continued)

Total key management compensation includes amounts that are paid or due to 9 individuals who are members of the UK Executive Board employed by the Company during the reporting period. The key management personnel compensation detailed in the table above excludes amounts paid to Non-Executive Directors of £0.7m.

In the prior year, due to the size of the Company ahead of operating the Fourth Licence, the Board of Directors were the key management personnel of the Company. Contained within the prior year 2023 compensation amount of £2.0m is an amount of £1.0m paid to other group companies for directors' services.

	2024 £m	2023 £m
Directors' emoluments		
Salaries and short-term employee benefits	1.5	2.0
Long-term incentive plans	0.3	–
Other Pension costs	–	–
Aggregate emoluments	1.8	2.0
	2024 £m	2023 £m
Highest-paid Director's emoluments		
Salaries and short-term employee benefits	0.9	1.0
Long-term incentive plans	0.3	–
Other Pension costs	–	–
Aggregate emoluments	1.2	1.0

As at 31 December 2024, the Board of Directors comprised 11 members: the Chair Justin King, 5 additional Independent Non-Executive Directors (Sir Keith Mills resigned January 2024), 4 Shareholder-Nominated Non-Executive Directors and one Executive Director (the Chief Executive Officer). The Directors' emoluments include amounts for Directors that are either directly employed or appointed by the Company. Contained within total emoluments are accrued amounts that require the Director to be employed by the Company at the time of payment.

The highest paid Director in 2024 will receive £1.2m for their services as Director from Allwyn Entertainment Ltd.

The prior year 2023 compensation amount of £2.0m within Directors' emoluments includes an amount of £1.0m paid to other group companies for directors' services of which £0.9m was for the highest paid director.

At the end of the financial year, no Directors were members of the defined contribution pension scheme (2023: none) and one Director received cash in lieu of pension contributions (2023: none).

Contained within long-term benefits are accrued amounts relating to the Company's long-term incentive plan. The long-term incentive plan runs to the end of the licence with three-yearly cycles. The 2024-2026 cycle was approved at the June 2024 remuneration committee, with targets set for each year of the performance period recognising the challenge in setting long-term targets at the start of the new licence. No long-term incentive plan payments were made in 2024. The long-term incentive plans follow industry best practice with stretching targets and measurable performance.

7. Finance income and finance cost

	2024 £m	2023 £m
Finance income		
Bank interest	6.5	0.4
Total finance income	6.5	0.4
Finance cost		
Revolving Credit Facility fees	(1.4)	(1.2)
Bank guarantee costs	(3.1)	(10.3)
Interest charges on right-of-use assets	(3.5)	(0.5)
Total finance cost	(8.0)	(12.0)

Contained within interest charges on right-of-use assets is £0.4m relating to operating lease liabilities that are Implementation Costs and £3.0m from operating leases within the underlying operations.

Borrowing arrangements

On 13 October 2021 the Company entered into a five-year Revolving Credit Facility ("RCF") of £60m with HSBC (as part (and together with the equity commitment set out below) of measures contained in the bid submission to the Gambling Commission to ensure the Company's financial strength for the purposes of the Fourth Licence and Transition). The arrangement fees paid to date total £1.05m (2023: £1.05m).

Notes to the financial statements continued

7. Finance income and finance cost (continued)

Since the 22 September 2022, the Company has paid a commitment fee of 2% on the undrawn amount. The arrangement included interest on drawn amounts based on the Sterling Overnight Index Average rate plus a margin of 3.5% and a commitment fee of 2% on undrawn amounts. The committed term of this RCF was 5 years, expiring 13 October 2026.

The requirement to hold cash in a designated bank account in the Company's name, for the sole purpose of paying fees due on the RCF lapsed on 30 April 2024 and the cash became available for use by the Company from 1 May 2024. This balance was therefore restricted cash on 31 December 2023.

On 25 July 2025, the Company signed a new financing arrangement with HSBC UK Bank plc including a £60.0m RCF with a term of 3 years expiring in June 2028 with two one-year extensions at the option of the lender and a Term Loan of £80.0m to be drawn down by 30 November and repaid in tranches in 2027. The RCF has a commitment fee of 1% on undrawn amounts and interest on drawn amounts based on the Sterling Overnight Index Average rate ('SONIA') plus a margin of 2.5%. The Term Loan incurs interest at SONIA plus a margin of 2%.

Under the terms of the RCF Agreement that was in place during the year and replicated within the new Term Loan and RCF extension agreements the Company is required to comply with the following financial covenants at the end of each annual and quarter reporting period:

- the Net Leverage Ratio should be below 3.0 x
- the Interest Cover Ratio should be above 4.0 x

There is a one off allowance of a Net Leverage Ratio of 4.0x for quarter one of 2026.

The Company has complied with these covenants throughout the reporting period.

Bank Guarantee costs

The Company is the beneficiary of an equity commitment made to it by Allwyn International AG and the Company's immediate group parent company Allwyn UK Holding Ltd, under which total commitments of £328.7m and US\$70.0m have been committed. This commitment was backed by guarantees provided by a syndicate of banks, which would provide funding for the Company to proceed with Transition and transformation plans, should Allwyn and Allwyn UK Holding Ltd not be able to fulfil their equity commitment. The fees above represent the costs of the guarantee payable in the financial year. At the year end the values of the outstanding equity commitments were £9.5m (2023: £78.5m) and US\$35.4m (2023: US\$49.3m) and the related guarantees were £9.5m (2023: £187.5m) and US\$35.4m (2023: US\$57.0m).

8. Tax credit on loss

Total tax credit recognised in the income statement:

	2024 £m	2023 £m
Current tax		
Current taxation credit for the year	(1.3)	(10.3)
Tax in respect of prior years	(6.0)	–
Total current tax	(7.3)	(10.3)
Deferred tax		
Deferred taxation credit for the year	(36.1)	(20.0)
Tax in respect of prior years	0.7	4.1
Impact of tax rate change	–	(1.9)
Total deferred tax	(35.4)	(17.8)
Total tax credit on loss	(42.7)	(28.1)

The prior year current tax credit of £6.0m relates to the settlement of group relief within the UK Group.

Reconciliation of tax on loss

The effective tax rate was 36.7% credit (2023: 20.4% credit) and is explained below:

	2024 £m	2023 £m
Loss before taxation	(116.2)	(138.0)
Tax credit using the UK corporation tax rate of 25.0% (2023: 23.5%)	(29.0)	(32.4)
Expenses not deductible for tax	2.1	2.2
Tax adjustments in respect of permanent differences	(10.4)	(0.1)
Tax in respect of prior years	(5.4)	4.1
Remeasurement of tax to expected utilisation rate	–	(1.9)
Total tax credit on loss	(42.7)	(28.1)

Factors that may affect future tax charges:

The main rate of corporation tax increased from 19.0% to 25.0% from 1 April 2023. Deferred tax is recognised at 25.0%, to the extent that tax losses will unwind in a future period.

Notes to the financial statements continued

9. Intangible assets

	Licence cost £m	Internally generated software £m	Totals £m
Cost			
At 1 January 2023	12.2	0.5	12.7
Additions	–	31.3	31.3
At 31 December 2023	12.2	31.8	44.0
Additions	0.9	41.2	42.1
At 31 December 2024	13.1	73.0	86.1
Accumulated amortisation			
At 1 January and 31 December 2023	–	–	–
Charge for the year	1.2	0.1	1.3
At 31 December 2024	1.2	0.1	1.3
Net book value:			
At 31 December 2024	11.9	72.9	84.8
At 31 December 2023	12.2	31.8	44.0

Licence costs are specifically identifiable costs incurred and arising directly from the award of the Fourth Licence. The cost will give rise to future economic benefits in the form of revenues from the Fourth Licence. They are stated at cost and will be amortised over the life of the Fourth Licence starting on 1 February 2024 and ending on 31 January 2034.

Internally generated software relates to the development of software assets needed to operate The National Lottery, including website and app development. This includes assets under construction of £72.4m (2023: £44.0m, of which £11.9m is license cost). Within the year, £0.6m of internally generated software was brought into use (2023: £nil).

Internally generated software additions include £36.8m (2023: £31.8m) related to Implementation.

10. Property, plant and equipment

	Leasehold improvements £m	Plant and equipment £m	Totals £m
Cost			
At 1 January 2023	0.3	0.7	1.0
Additions	0.1	7.8	7.9
At 31 December 2023	0.4	8.5	8.9
Additions	3.6	114.5	118.1
At 31 December 2024	4.0	123.0	127.0
Accumulated Depreciation			
At 1 January 2023	–	–	–
Charge for the year	0.2	0.4	0.6
At 31 December 2023	0.2	0.4	0.6
Charge for the year	0.2	3.1	3.3
At 31 December 2024	0.4	3.5	3.9
Net book value			
At 31 December 2024	3.6	119.5	123.1
At 31 December 2023	0.2	8.1	8.3

Included in the above are assets under construction within plant and equipment totalling £115.4m (2023: £4.8m).

Plant and equipment additions include £14.7m (2023: £7.8m) related to Implementation.

Notes to the financial statements continued

11. Right-of-use assets

	Properties £m	Plant, equipment and motor vehicles £m	Totals £m
Cost			
At 1 January 2023	1.1	–	1.1
Additions	8.0	–	8.0
Change in value	(0.3)	–	(0.3)
At 31 December 2023	8.8	–	8.8
Additions	38.2	29.5	67.7
Lease Modifications	(3.1)	–	(3.1)
At 31 December 2024	43.9	29.5	73.4
Accumulated Depreciation			
At 1 January 2023	0.2	–	0.2
Charge for the year	1.2	–	1.2
At 31 December 2023	1.4	–	1.4
Charge for the year	5.3	16.7	22.0
Lease Modifications	(0.8)	–	(0.8)
At 31 December 2024	5.9	16.7	22.6
Net book value			
At 31 December 2024	38.0	12.8	50.8
At 31 December 2023	7.4	–	7.4

The Right-of-use asset additions reflect the Company's leasing of office spaces, studio facilities, communication equipment, and motor vehicles. Modifications during 2024 resulted from changes to the break clause for the Magdalen House and Moor properties. These changes shortened the lease term, which in turn reduced the carrying value of the associated lease liability and right-of-use asset. The lease liability position is given in Note 19.

12. Deferred tax assets

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

	2024 £m	2023 £m
Deferred tax assets:		
To be recovered after more than 12 months	70.3	37.0
Deferred tax assets	70.3	37.0
Deferred tax liabilities:		
To be settled after more than 12 months	–	(2.1)
Deferred tax liabilities	–	(2.1)
Deferred tax assets (net)	70.3	34.9

The gross movement on deferred tax is as follows:

	Accelerated Capital Allowances £m	Losses £m	Total £m
At 1 January 2023	–	17.1	17.1
Credited/(Charged) to Statement of comprehensive income	(2.1)	19.9	17.8
At 31 December 2023	(2.1)	37.0	34.9
Credited/(Charged) to Statement of comprehensive income	10.4	25.0	35.4
At 31 December 2024	8.3	62.0	70.3

Deferred tax assets of £70.3m (2023: £34.9m) have been recognised in respect of tax losses and tangible and intangible asset timing differences, where the Directors believe it is probable that future taxable profits will be available against which these assets can be offset over the term of the Fourth Licence. The losses do not expire.

Details of the deferred tax asset, and amounts recognised in profit or loss are shown above and have been calculated at the enacted rate of tax which is expected to apply when the tax losses are utilised and have not been discounted. The enacted rate used was 25.0%.

Notes to the financial statements continued

13. Inventories

	2024 £m	2023 £m
Playslips, terminal rolls and other consumables	2.1	0.2
	2.1	0.2

Inventory consumed during the year amounted to £3.7m (2023: £nil). Inventory purchased during the year amounted to £5.6m (2023: £0.2m). Inventory includes playslips, terminal rolls and other consumables. No provision has been raised or reversed against the inventory balance in the current year (2023: £nil).

14. Trade and other receivables

	2024 £m	2023 £m
Current assets		
Trust receivables	435.4	–
Trade and other receivables	19.0	–
Amounts owed by group undertaking	5.2	10.3
Prepayments and accrued income	10.8	24.5
Fees relating to financial instruments	0.3	0.3
	470.7	35.1
Non-current assets		
Prepaid expenses	4.4	1.6
EuroMillions deposit	4.7	–
Fees relating to financial instruments	0.2	0.5
	9.3	2.1

Trust receivables comprise the amounts due from the Trust to the Company for unclaimed prizes and prize funds totalling £286.5m (2023: £nil), together with amounts held by the Trust in respect of future draws both in the form of draw based games payments from players in advance of draw date sales and interactive wallet balances of £148.9m (2023: £nil).

The amounts held in Trust may be invested by the Trustee with Asset Managers that are compliant with our Environmental, Social and Corporate Governance (ESG) criteria within our policies, and have investment grade credit ratings.

At 31 December 2024, the Company had on deposit £4.7m (2023: £nil) 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 the Company cannot currently withdraw these amounts until the end of the Fourth Licence, the interest on these accounts accrues to the Company.

Fees relating to financial instruments are amounts paid for RCF fees and are being amortised over the life of the RCF. See Note 7 for further details on the RCF.

Trade receivables balance primarily represents amounts due from Retailers.

As of 31 December 2024, trade receivables of £19.2m, were not yet due for collection in accordance with the normal collection 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 owed by related parties are unsecured, interest-free and repayable on demand.

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

	2024 £m	2023 £m
Current	19.2	–
7 days to 3 months	0.1	–
Credit loss allowance	(0.3)	–
	19.0	–

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

At 31 December 2024 £0.02m of trade receivables were more than 30 days past due. Details of the credit risk policy are provided in Note 17.

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

	2024 £m	2023 £m
At 1 January	–	–
Credit loss allowance recognised during the year	0.6	–
Utilised	(0.3)	–
	0.3	–

Notes to the financial statements continued

14. Trade and other receivables (continued)

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

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

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

The maximum exposure to credit risk in the prior year was the carrying value of each class of receivable mentioned above. With the exception of the Retailer bond deposits of £13.5m the Company did not hold any collateral as security.

In line with IFRS accounting standards and as outlined in Note 2.10, no receivable has been created for the recovery of Implementation Costs. £342.1m has been spent by 31 December 2024 (2023: £183.5m) of which £245.9m is in operating costs (2023: £142.9m) and £91.1m (2023: £31.8m) has been capitalised as a Tangible or Intangible Asset. Recovery of these amounts is subject to the process in the Enabling Agreement.

15. Cash and cash equivalents

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

	2024 £m	2023 £m
Cash at bank	116.2	14.6
Short-term bank deposits	104.5	122.7
	220.7	137.3

Amounts held in short-term bank deposits comprise amounts held in either deposit accounts or Money Market Funds with interest earned rates at 31 December 2024 of 3.56% to 4.75%. Deposit accounts and Money Market Funds are redeemable on demand.

Within total cash and cash equivalents is £114.1m (2023: £nil) that is within bank accounts that operate as Trust feeder accounts and hold players money before either being transferred to the Trust or paid to the Operator to pay Good Causes, Lottery Duty and operating costs.

16. Credit quality of financial assets

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

The Company monitors and ensures that the credit ratings of banks and Money Market Funds where the Company holds cash and short-term deposits are prime rated in compliance with the agreed parameters issued by the Allwyn Board. As at 31 December 2024, financial assets totalling £104.5m were held in deposit accounts and Money Market Funds with a prime rating across the three main rating agencies.

Cash at clearing bank and the trust accounts were held with HSBC UK Bank plc, which has a Moody's short and long-term rating of P1 and A1 (stable) respectively. None of the financial assets that are not yet due have been renegotiated in the last year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned above.

17. Financial risk management

Exposure to credit, interest rate, foreign exchange, liquidity and capital risks arise in the normal course of the Company's business. The likely impact of these risks on the Company's performance is deemed to be immaterial and, therefore, no sensitivity analysis has been presented in these financial statements. The risks mentioned below were relevant during the 11 month period that the Company was operator of the Fourth Licence.

a. Credit risk

Credit risk primarily arises from short-term credit extended to retailers. From the start of the Fourth Licence, credit insurance is held for the vast majority of the Company's multiple store retailers. Management has a credit policy in place with the exposure to credit risk being 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, Allwyn will request a bond deposit 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.

Notes to the financial statements continued

17. Financial risk management (continued)

a. Credit risk (continued)

Allwyn regularly reviews its established credit policy and debt collection processes and ensures that the policies and processes are appropriate addressing any additional exposures to increased credit risk. At the year end, having reviewed the credit balances extended to retailers, no significant concentrations of credit risk were identified. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the Statement of Financial Position.

The Company's investment policy restricts investment to Money Market Fund deposit accounts to carefully selected counterparties that have strong credit quality and a strong capacity for timely payment of short-term deposit obligations. Further information on credit quality of financial assets is given in Note 16. The carrying value of financial assets approximates to fair value.

b. Interest rate risk

The Company's £60.0m Revolving Credit Facility which allows short-term borrowings at floating rates of interest (SONIA plus 3.5%) became available on 16 September 2022. Financial covenants on the level of leverage and interest cover existed on this facility during the period. No funds were drawn down under the facility in the current year (2023: undrawn). Short term bank deposits are predominantly placed in fixed rate deposits accounts with short maturities, ensuring funds are readily available while earning a fixed interest return until maturity. The average rate of return on deposit accounts used by the Company during the year was 4.26% (2023: 1.48%). Short-term bank deposits in the financial year 2024 and 2023 are 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 GBP Sterling (£). The currency giving rise to this risk is primarily US dollars (USD). During the year, the Company did not participate in any derivative or hedging contracts due to the minimal volume and value of foreign transactions. Transactions denominated in foreign currencies are accounted for in line with our accounting policy detailed in Note 2. Included within other administrative operating costs in the Statement of Comprehensive Income are £nil (2023: £nil) net foreign exchange 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 had a £60.0m syndicated Revolving Credit Facility (disclosed in Note 7).

This facility, of which £nil was drawn down during the year, contained covenants, tested quarterly, including a maximum level of leverage of less than or equal to 3.00 and a minimum level of interest cover of greater than or equal to 4.00, both of which the Company has met. The undrawn level of this facility, together with the Company's cash balances, were the key measures of the Company's liquidity. The Company's cash was subject to regular daily, weekly and monthly cycles that were factored into long-range cash flow forecasts, which was regularly updated and reviewed by management. Liquidity is centralised through banking 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.

The table below is a maturity analysis for the Company's financial liabilities which show the remaining contractual maturities at the year end. The amounts disclosed are contractual undiscounted cash flows.

	Maturing less than 1 year £m	Maturing between 1 and 2 years £m	Maturing between 2 and 5 years £m	Maturing greater than 5 years £m	Total Contractual Cash flows £m	Carrying Value £m
At 31 December 2023						
Lease liabilities	1.1	1.1	3.2	5.4	10.8	7.5
Trade and other payables	70.1	0.1	–	–	70.2	70.2
Amounts owed to Group Undertakings	86.1	–	–	–	86.1	86.1
At 31 December 2024						
Lease liabilities	12.9	9.3	16.2	21.8	60.2	51.2
Trade and other payables	757.6	6.5	4.3	–	768.4	768.4
Amounts owed to Group Undertakings	4.0	–	–	77.2	81.2	81.2

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

e. Capital risk

The Company defines capital as total equity. The Company's objectives when managing capital are to safeguard its ability to trade and meet obligations as they fall due, so that it can continue to provide returns for shareholders. The Company had access to significant credit facilities during the year as disclosed in Note 7.

Notes to the financial statements continued

17. Financial risk management (continued)

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

Financial assets are comprised of

	2024 £m	2023 £m
Cash and cash equivalents	220.7	137.3
Trade and other receivables (excluding prepayments)	464.3	10.8
	685.0	148.1

The total carrying value of financial assets at fair value through profit and loss is £220.7m (2023: £137.3m), 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.

Financial liabilities are comprised of

	2024 £m	2023 £m
Trade payables	849.6	156.3
Lease liabilities	51.2	7.5
	900.8	163.8

Within trade payables are accruals for unsettled gaming contracts of £37.4m which is recorded at fair value. The Company has used level 2 observable inputs to fair value the obligations associated with advanced ticket sales. The movement in the fair value in these unsettled gaming contracts has been taken to the Statement of Comprehensive Income and included in the Revenue from gaming activities (income of £19.1m) and Gaming related operating costs (cost of £18.3m).

The rest of the financial liabilities are at amortised cost.

18. Trade and other payables

a. Current Liabilities

	2024 £m	2023 £m
Trust liabilities	414.2	–
Amounts payable to the NLDF	92.5	–
Lottery Duty payable	81.5	–
Trade creditors	19.8	41.9
Unsettled gaming contract accruals	37.4	–
Amounts owed to group undertakings	4.0	86.1
Accruals	54.3	25.8
Other payables	57.9	2.4
	761.6	156.2

Trust liabilities includes obligations to players for unclaimed prizes, amounts planned for future prize payments and player online interactive and subscription balances. As at 31 December 2024, the Company had transferred £435.4m into the relevant Trust accounts to meet player obligations and unsettled gaming contract obligations. Trade Receivables will be received into the Trust arrangement and account for the difference.

Amounts payable to the NLDF in the current year relate to the final amounts due for the 2024 contributions to Good Causes.

Lottery Duty payable is recognised when the game is played and is calculated as 12% of gross ticket sales.

The balances presented in trade creditors are not secured.

Amounts included within Unsettled gaming contract accruals represents the fair value of liabilities for draws that have been entered into by players but have not yet been played; and comprises estimated amounts due to players for future pay-outs and estimated amounts due to regulatory authorities for future obligations.

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

Notes to the financial statements continued

18. Trade and other payables (continued)

a. Current Liabilities (continued)

Over the prior year and current year, the Company received financial support from Allwyn UK Holding Ltd, its immediate parent company, which settled certain costs including the Guarantees described in Note 7, on its behalf. The amount has been disclosed as long-term at 31 December 2024 reflecting the terms of the £80.0m long-term loan facility agreement, which was signed on 10 December 2024, terminating on 31 January 2034. The facility is unsecured and has an interest rate of SONIA + 3.75% on drawn down amounts. The amount disclosed within amounts due after more than one year as at 31 December 2024 is £77.2m (2023: £72.5m and is disclosed as falling due within one year).

For the avoidance of doubt Allwyn UK Holding Ltd has confirmed it will not seek repayment within a period of 12 months from the signing of these financial statements in line with the long-term loan agreement.

Other payables includes Retailer bond deposits of £13.5m (2023: £nil) due to Retailers.

b. Non-Current Liabilities

	2024 £m	2023 £m
Amounts owed to group undertakings	77.2	–
Other payables	10.8	0.1
	88.0	0.1

The other payables include deferred payments relating to new lottery terminals delivered in 2024 and due in 2026 and 2027, and an employee long-term incentive scheme payable in 2027.

19. Lease liabilities

The table below shows the movement in the lease liability during the year:

	Properties £m	Plant, equipment and motor vehicles £m	Total £m
2024			
At beginning of financial year	7.5	–	7.5
Plus: Non-cash movements			
Additions	35.7	21.3	57.0
Lease Modifications	(2.4)	–	(2.4)
Interest payable on leases	2.3	1.2	3.5
Less: Cash movements			
Repayment of lease liabilities (including interest)	(5.0)	(9.4)	(14.4)
Total liability	38.1	13.1	51.2

	Property £m	Plant, equipment and motor vehicles £m	Total £m
2023			
At beginning of financial year	0.9	–	0.9
Plus: Non-cash movements			
Additions	8.0	–	8.0
Change in value	(0.3)	–	(0.3)
Interest payable on leases	0.5	–	0.5
Less: Cash movements			
Repayment of lease liabilities (including interest)	(1.6)	–	(1.6)
Total liability	7.5	–	7.5

Notes to the financial statements continued

19. Lease liabilities (continued)

Split between	2024 £m	2023 £m
Current liabilities	13.8	0.5
Non-current liabilities	37.4	7.0
Total liability	51.2	7.5

Lease liabilities are calculated by discounting fixed lease payments using the incremental borrowing rate at the lease inception date. The discount rates applied to leases range between 4.0% and 7.2% (2023: 7.4%).

The table below shows the split of lease liabilities by their discounted contractual maturities.

	2024 £m	2023 £m
Less than 1 year	13.8	0.5
1-2 years	6.5	0.6
2-3 years	4.2	0.6
3-4 years	3.7	0.7
4-5 years	3.9	0.7
More than 5 years	19.0	4.4
Total	51.2	7.5

Lease liabilities in the prior year were accounted for under IFRS 16 therefore, no transition adjustments were required upon the initial adoption of IFRS.

Short lease commitments:

At 31 December 2024 the Company had the following total minimum lease payments under non-cancellable leases which meet the criteria of being short-term leases or leases for which the underlying asset is of low value:

	2024 £m	2023 £m
Lease expense relating to low value assets and short-term assets not included in measurement of lease liabilities	1.2	0.4

Lease expense for low-value and short-term assets comprises of short-term motor vehicle leases and properties leased on an ongoing renewal basis.

20. Provisions

	2024 £m	2023 £m
Decommissioning	12.9	–
Dilapidations	5.9	–
Other	0.2	–
	19.0	–

The movement in the provisions are as follows:

	Decommissioning £m	Dilapidation £m	Other £m	Total £m
As at 1 January 2023 and 2024	–	–	–	–
Provided for in year	12.4	5.9	0.7	19.0
Charge in year	0.4	0.1	–	0.5
Released in year	–	–	(0.2)	(0.2)
Provision utilised in year	–	–	(0.3)	(0.3)
At 31 December 2024	12.8	6.0	0.2	19.0

Provisions have been classified as follows:

	2024 £m	2023 £m
Current	11.4	–
Non-current	7.6	–
	19.0	–

The decommissioning provision relates to the cost of decommissioning existing terminals, communications and lottery point-of-sale equipment held at retailer sites, and disposing of these assets, that are currently being used within the retailer estate. It also includes amounts in respect of lost or destroyed terminals and associated contractual costs. These costs are based on contractual commitments in place at 31 December 2024.

The dilapidation provision is the best estimate of the cost of bringing back leased premises to their original state as required by lease agreements.

Notes to the financial statements continued

21. Share capital

	2024 Number m	2024 £m	2023 Number m	2023 £m
Allotted, called up and fully paid				
Ordinary shares of £1	0.3	0.3	0.3	0.3
Share Premium	n/a	346.6	n/a	266.6
	0.3	346.9	0.3	266.9

On 31 May 2024 and 12 December 2024, the Company issued 50,000 and 30,000 ordinary shares of £1.00 per share, both at a premium of £999. The amount raised from the share issues amounted to £50.0m and £30.0m respectively.

Ordinary share capital

Ordinary shares have a par value of £1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Share premium

The Company has issued shares for in excess of the par value of the shares and is held under the share premium reserve.

22. Commitments and contingencies

There were no outstanding contingencies at the balance sheet date. At the year end the Company had entered into a number of commercial arrangements as part of the Transition and transformation plan to build the infrastructure necessary to run the Fourth Licence. At 31 December 2024, the balance of these commitments was £16.5m (2023: £102.6m).

23. Related parties

The Company's immediate parent is Allwyn UK Holding Ltd (incorporated in the UK), which owns all the Company's shares.

At the start of the Fourth Licence, the Company had an investment in 'Services aux Loteries en Europe SCRL' (SLE) which transferred at nil consideration from Camelot. The Company had the following transactions with SLE, a société cooperative à responsabilité limitée incorporated in Belgium.

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. The transactions with and balance due to are as follows:

(Amounts below are all net of VAT)

	2024 £m	2023 £m
Purchases from SLE	1.3	–
Amounts due to SLE	0.3	–
Amounts billed to SLE	0.2	–
Amounts due from SLE	–	–

As stated in Note 23, the Company is an immediate subsidiary undertaking of Allwyn UK Holding Ltd and is part of a wider group. During the year, the Allwyn Group of Companies had various group transactions with Allwyn Entertainment Ltd.

These transactions are as follows:

	2024 £m	2023 £m
Purchases with related parties		
Parent company	3.0	10.6
Ultimate parent and parent undertakings	1.3	1.9
Fellow subsidiary undertakings with common control	16.1	18.2
	20.4	30.7
Cost recharges to related parties		
Parent company	0.1	–
Fellow subsidiary undertakings with common control	2.3	–
	2.4	–

Notes to the financial statements continued

23. Related parties (continued)

	2024 £m	2023 £m
Receivables and other debtors		
Fellow subsidiary undertakings with common control	5.2	10.3
	5.2	10.3
Payables and other creditors		
Parent company	77.2	72.5
Ultimate parent and parent undertakings	1.2	1.6
Fellow subsidiary undertakings with common control	2.8	12.0
	81.2	86.1

Justin King was engaged as a consultant during the bid period by Allwyn Services UK Ltd (ASUK), through Harbury House Limited (HH), a company controlled by him. In 2024, HH received £250,000 (excluding VAT) for those consultancy services. ASUK terminated the contract with HH prior to the appointment of Justin King to the Board of the Company.

Sir Keith Mills was engaged as a consultant during the bid period by ASUK, through KEM Management Limited (KEM), a company controlled by him. In 2024, KEM received £400,000 (excluding VAT) for those consultancy services. ASUK terminated the consultancy contract with KEM prior to the appointment of Sir Keith Mills to the Board of the Company.

The Company has been supported by its immediate parent company Allwyn UK Holding Ltd, which has invested £384.4m (2023: £316.9m) to date by way of shares issued for cash.

During the year, the Company had various other group transactions with Camelot UK Lotteries Limited. These transactions related to transferring of assets and liabilities at the commencement of the Fourth Licence term, including £683.9m in relation to secured obligations of the third licence Players' Trust and corresponding cash, or rights to cash, to enable these to be settled during the Fourth Licence; as well as the allocation of pass-through costs between the two entities and ensuring correct supplier charging over the transition period. A net amount of £17.5m was transferred to the Company from Camelot UK Lotteries Limited, none of these costs were considered provision of goods or services by either entity.

During the year, the Company recharged costs of £2.8m to other group entities with no margin. These charges represented the costs incurred to provide certain administrative duties on behalf of other group entities. In addition, the Company received £14.9m in payment for group relief losses used by fellow group subsidiaries.

24. Ultimate parent company and parent company of the larger group

Allwyn UK Holding Ltd (incorporated in the United Kingdom, registered number 13154201) is the immediate 100% parent of the Company.

Allwyn International AG (formerly Allwyn International a.s.) (registered in Switzerland) is the immediate 100% group parent of Allwyn UK Holding Ltd.

Allwyn AG (registered in Switzerland) is the immediate 100% parent of Allwyn International AG.

Both Allwyn International AG and Allwyn AG prepare consolidated financial statements that are publicly available.

Allwyn AG is controlled by KKCG AG, whose ultimate controlling entity pursuant to IFRS is the Valea Foundation (registered in Liechtenstein). The designated beneficiary of the Valea Foundation is Mr. Karel Komarek.

25. Post balance sheet events

On 19 February 2025, the Company issued 38,000 ordinary shares of £1.00 each at a premium of £986.20. The total raised from the share issue amounted to £37,513,578; this amount equated to the remaining balance of the equity commitment of £9.5m and US\$35.4m.

Subsequent to the end of the reporting period, due to the delay to the technical cutover, the Company has missed a contractual milestone in the Enabling Agreement. We continue to work together with the Gambling Commission on the impact of this missed milestone under the terms of the Enabling Agreement. The Gambling Commission is investigating what, if any, enforcement action might be taken against the Company in relation to the missed milestone. Management cannot reasonably form a view on the outcome and impact of the Gambling Commission's review or estimate the extent of any enforcement action. Please refer to the Principal Risks section for more information.

On 25 July 2025, the Company entered into a new financing agreement with HSBC UK Bank plc. This arrangement extends the current Revolving Credit Facility ('RCF') of £60.0m until July 2028 with two one-year extensions beyond this at the option of the lender. It also includes a new Term Loan of £80.0m that is available for drawdown until 30 November 2025 and repayable in tranches after 18 months, 21 months and two years. The Term Loan attracts interest of 2% above the Sterling Overnight Index Average rate ('SONIA') and the RCF incurs a commitment fee of 1% on undrawn amounts and SONIA plus 2.5% on drawn amounts.

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