





Front cover: Dom Warren, of Dom's Food Mission, winner of the 'Environment Award' at the 2020 National Lottery Awards.

This page: Caitlin Walker, winner of the 'Young Hero Award' at the 2020 National Lottery Awards.

**AS THE OPERATOR OF THE NATIONAL LOTTERY, WE ARE A COMPANY LIKE NO OTHER – A COMMERCIAL ORGANISATION THAT RAISES BILLIONS OF POUNDS EVERY YEAR FOR THE PUBLIC GOOD.**

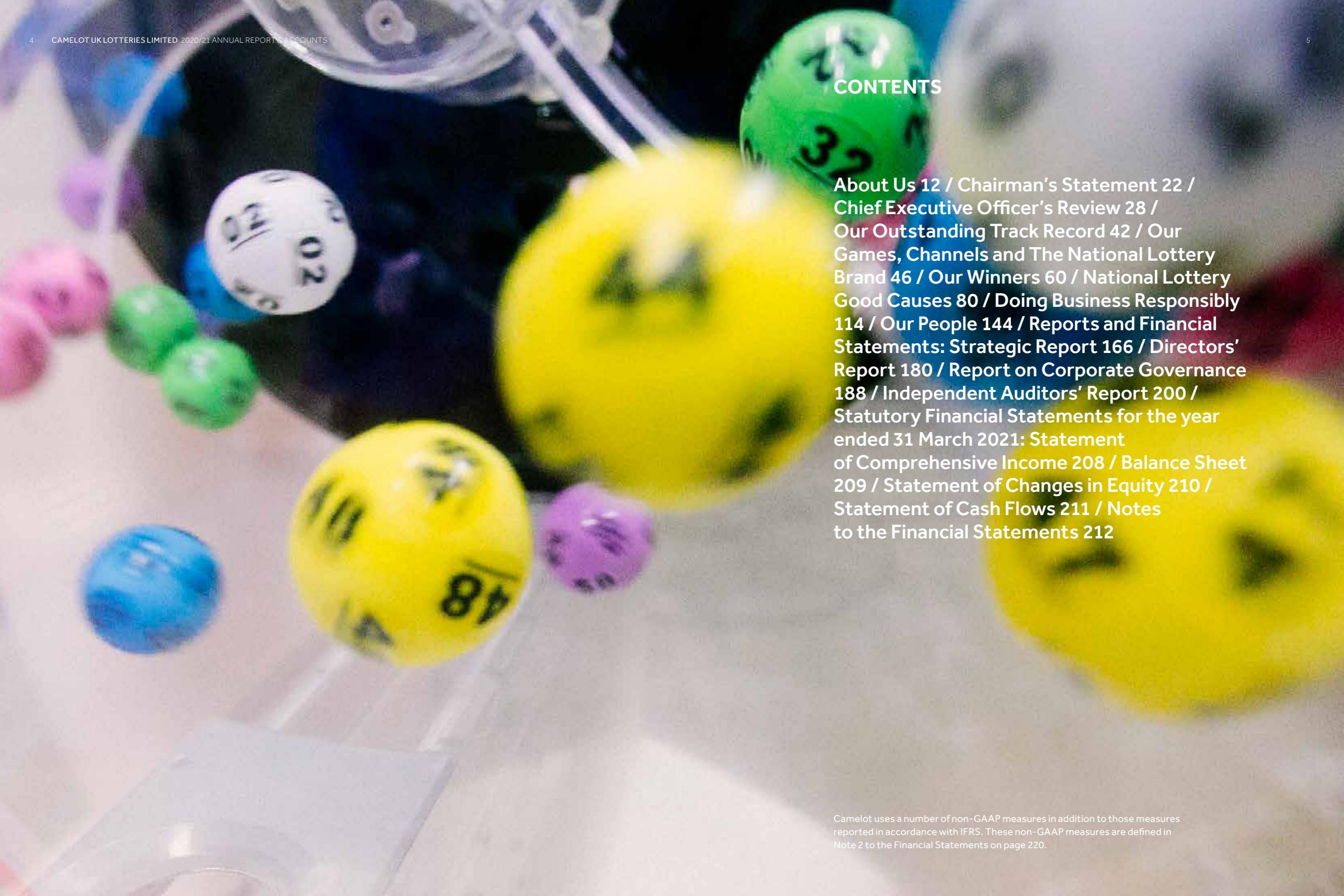
Camelot UK Lotteries Limited  
Company Number: 02822203

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

**And with four years of successive growth culminating in record sales and returns to society in 2020/21, The National Lottery, under Camelot's stewardship, has never been fitter or more effective in continuing to deliver for everyone in the UK.**

In December 2020, Britain's last remaining bellfoundry was saved, thanks to a National Lottery grant of £3.45 million. Since 1859, the iconic Loughborough Bellfoundry – home to John Taylor & Co bellfounders, a family business dating back to the middle of the 14th century – has cast more than 25,000 bells that are hung in churches, cathedrals, universities and public buildings in over 100 countries.



A close-up photograph of several lottery balls of various colors (yellow, green, blue, pink) and numbers (e.g., 02, 11, 87, 35) in a lottery machine. The balls are slightly blurred, creating a sense of motion.

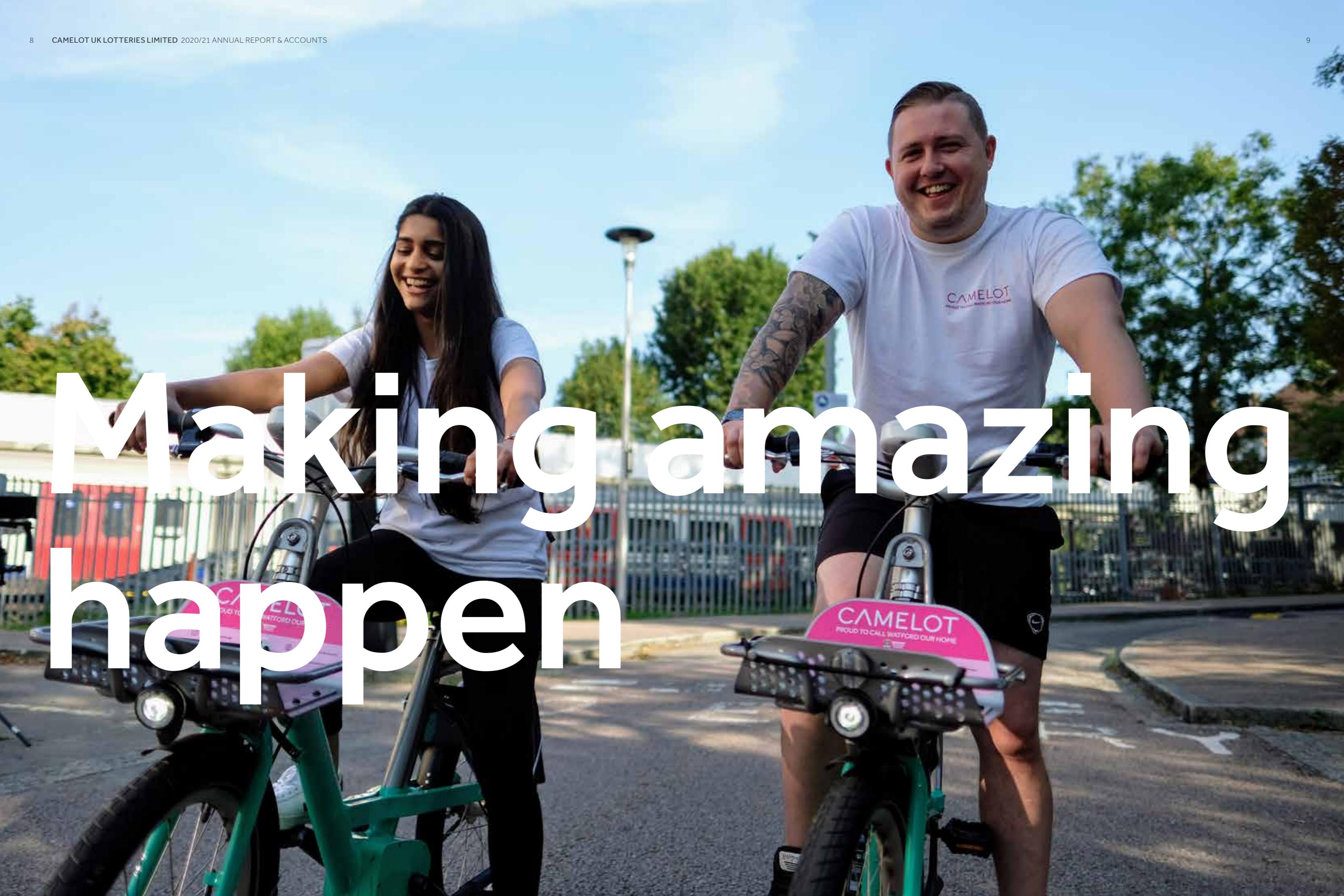
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# Delivering for everyone

The world's most complete, surviving transporter bridge – the Newport Transporter Bridge in South Wales – is set to become a major tourist attraction, thanks to an £8.75 million National Lottery grant. Opened in 1906, the aerial ferry is one of only eight remaining transporter bridges in the world, and the funding will allow Newport City Council to repair and preserve the structure and open a new visitor centre at the site.

©Newport City Council

A photograph of a man and a woman smiling while riding bicycles. The man is in the foreground, wearing a light blue t-shirt with a small Camelot logo on the chest, and has a tattoo on his left arm. The woman is behind him, also smiling, wearing a light blue t-shirt. Both are on green bicycles. They are outdoors on a paved path with trees and a fence in the background. A pink sign on the handlebars of the man's bike reads "CAMELOT PROUD TO CALL WATFORD OUR HOME".

# Making amazing happen

Even more to  
come



## ABOUT US

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

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

# Our Mission

**OUR MISSION IS TO CHANGE LIVES – NOT ONLY THE LIVES OF NATIONAL LOTTERY WINNERS WHO HAVE SCOOPED LIFE-CHANGING PRIZES, BUT THE LIVES OF MILLIONS OF PEOPLE WHO BENEFIT FROM THE £30 MILLION-PLUS IN GOOD CAUSES FUNDING THAT NATIONAL LOTTERY PLAYERS RAISE EVERY WEEK.**

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

- making our games accessible so that people can play anytime, anywhere, on any device;
- getting to know our players to help us understand how they play; and
- clearly communicating the uniqueness of The National Lottery and the extraordinary good that it does.

## WHAT WE DO

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

This involves creating, marketing and promoting new games; developing and running The National Lottery's infrastructure; providing services for players and winners; and working in partnership with around 44,000 retailers. As a private company, we also have responsibilities to our shareholder, Ontario Teachers' Pension Plan, which has owned Camelot since 2010.

## OUR APPROACH

We've always believed that the key to The National Lottery's long-term health is to give players a positive and enjoyable experience, with lots of people playing but each spending relatively small amounts. We therefore strive to attract the broadest player base possible by offering a range of distinct games with prizes, chances to win and prices to suit different needs, tastes and pockets.

Around 60% of UK adults currently play National Lottery games, with the demographics of play closely mirroring the demographics of the UK population as a whole. And despite being the fifth largest lottery in the world in terms of sales, The National Lottery is ranked just 60th in the world in terms of per capita spend – underlining the ongoing effectiveness of our work to ensure we have lots of people playing a little. (Source: La Fleur's World Lottery Almanac 2021)

The success of this approach is evidenced by the fact that we've now grown total National Lottery sales by 62% over the course of the third National Lottery licence period – with annual returns to Good Causes now more than £500 million higher than they were at the start of the licence in 2009. Combined with the Lottery Duty we pay to the government, the commission earned by our retail partners and the prize money awarded to players, we continue to return 95% of all revenue to winners and society – one of the highest percentages of lottery revenue given back in the world.



**Around 44,000 National Lottery retail partners across the UK**

## THE NATIONAL LOTTERY FAMILY

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

- **Parliament**, through The National Lottery Act etc. 1993 (as amended), governs the operation and regulation of The National Lottery, and sets out National Lottery policy, including which Good Cause areas will benefit from National Lottery money and the funding levels for each. The Department for Digital, Culture, Media & Sport (DCMS) is the government department responsible for The National Lottery.
- **The Gambling Commission** (formerly the National Lottery Commission) is sponsored by DCMS, and is responsible for licensing and regulating The National Lottery. Its objectives are to preserve the integrity of The National Lottery, protect players and maximise returns to Good Causes.
- **Ontario Teachers' Pension Plan (OTPP)**, which has owned Camelot since 2010 following a competitive tender process. OTPP is known for taking a long-term view of its investments, providing an environment of stability, commitment and continuity that is vital for The National Lottery's continuing success. It has invested significantly in Camelot – and remains committed to further investment – to enable us to deliver as much money as possible for Good Causes.
- **12 National Lottery distribution bodies**, each with specialist knowledge of their sectors, which decide which beneficiaries should receive National Lottery funding. All of the distribution bodies operate at arm's length from government and Camelot, and follow strict guidelines when deciding which applications for funding will be successful.
- **The National Lottery Promotions Unit (NLPUs)** is a joint venture between the distribution bodies, Camelot and DCMS, and is responsible for promoting positive public awareness of National Lottery funding and the projects it supports.
- **Around 44,000 retailers** throughout the UK, ranging from small corner shops and newsagents to larger convenience stores and supermarkets – with independent outlets making up the majority of our retail footprint.

## THE SINGLE-OPERATOR MODEL

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

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

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

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

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

## OUR LICENCES

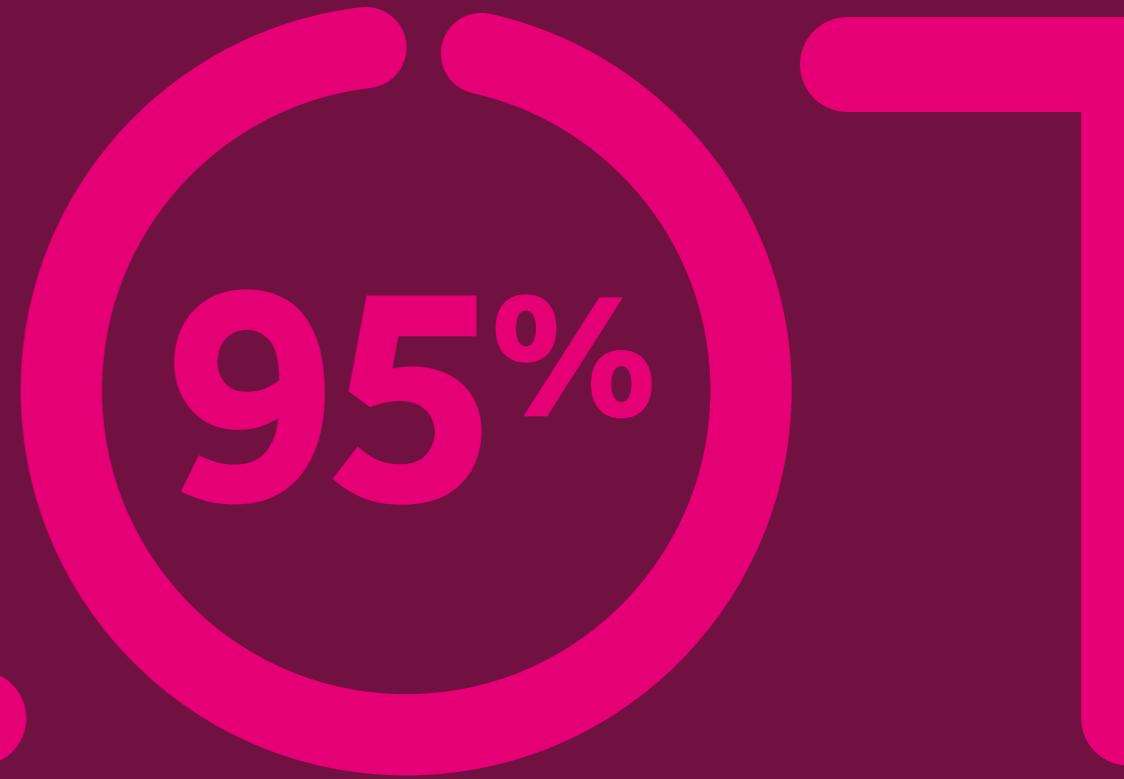
In May 1994, the National Lottery Commission (NLC) awarded Camelot a seven-year licence to run The National Lottery. The first draw-based tickets went on sale on 14 November 1994, with the first draw taking place on 19 November.

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

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

In August 2020, the Gambling Commission launched the competition to award the fourth National Lottery licence. Having run one of the world's most successful lotteries for more than 26 years, delivering almost £150 billion to winners and society in the process, it's only natural that we are interested in bidding – and, having successfully completed the Gambling Commission's Selection Questionnaire, we are actively engaged in the process.

With four years of successive growth resulting in record sales in 2020/21, The National Lottery, under Camelot's stewardship, is in its best-ever shape – and our immediate focus is on continuing to keep it strong and healthy for the benefit of everyone, and, as you will see in this Report, raising even more money for society at a time when funding has never been more vital.



THE PERCENTAGE OF ALL REVENUE WE RETURN TO WINNERS AND SOCIETY – ONE OF THE HIGHEST PROPORTIONS OF TOTAL LOTTERY REVENUE GIVEN BACK IN THE WORLD.

CAMELOT

## OUR LOCATIONS

We've been proud to call Watford our home for the past 27 years – with the majority of our 900-plus employees working from our head office in Watford, Hertfordshire.

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



The image is a collage of four photographs. The top-left photo shows a man in a suit standing next to a video camera, looking towards the right. The top-right photo shows a woman in a patterned dress clapping her hands. The bottom-left photo shows a man in a dark t-shirt and jeans sitting at a desk, looking down at a laptop. The bottom-right photo shows a group of people in a meeting room, with one person in the foreground facing away from the camera. Overlaid on the left side of the collage is a large, bold, white text that reads "experience, expertise and integrity".

experience,  
expertise and  
integrity



Growth of total ticket sales since 2009

## CHAIRMAN'S STATEMENT

In what has been an extremely challenging year, the likes of which we've never experienced before, I'm delighted to report that Camelot has continued to deliver for the whole of the UK by growing National Lottery sales and returns to society to record levels in 2020/21. This marks the fourth year of rising sales, and the second year of record sales, for Camelot since it carried out its strategic review in 2017 – and further cements its position as one of the world's most successful and innovative lottery operators.

The company has now grown total National Lottery sales by 62% since the start of the third National Lottery licence in 2009 – with annual returns to Good Causes now more than £500 million higher than they were at the start of the licence. In 2020/21, it also delivered more than £1 billion in Lottery Duty for the government – money that is used to fund public expenditure across the UK. This is the first time that Lottery Duty payments have exceeded £1 billion in a single year since The National Lottery's launch in 1994.

The company's achievement in achieving record sales and returns to society in such turbulent times is testament to what can be accomplished when you build a business on strong foundations. It's also the result of everybody in the wider National Lottery family working in close partnership to maintain the health of The National Lottery, even in the most difficult of times. On behalf of the Board, I would like to thank government, the National Lottery Distributors, our retail partners and, most importantly, National Lottery players – without whom this remarkable success story would not have been possible.

This continued success matters – and Camelot's performance has delivered for the country at its most uncertain time. With more than £1.2 billion in vital funding having now been handed out by the National Lottery Distributors for Covid-19 relief – the biggest financial contribution to the UK-wide response to the crisis outside of government – The National Lottery is playing a leading role in helping the country respond to, and rebuild from, the enormous impact of the pandemic. Without this money, many individuals and organisations would, simply, have ceased to function.

The sustained growth that Camelot has delivered over the last four years following the strategic review underlines the importance and value of the work that Nigel and his new-look team have carried out across The National Lottery's games, channels and brand. The supreme resilience afforded by these strong foundations – combined with the company's ability to adapt quickly and make the right strategic calls, as well as its in-depth understanding of the UK market – have helped Camelot to safeguard returns to Good Causes and society at a time when they've never been more needed. It is these same strengths that the company will be able to call on as it moves forward with its innovative plans to build on the successes of the past four years – and to deliver even more for the UK.

Credit for this success must also go to Camelot's shareholder, Ontario Teachers' Pension Plan (OTPP), which has continued to support and invest significantly in the company's operation of The National Lottery. Having an owner that fully understands The National Lottery's values, and provides an environment of stability, commitment and continuity, is incredibly important and makes a huge difference – and so my sincere thanks go to them.

In the year ended 31 March 2021, Camelot grew total National Lottery sales to a record £8.3 billion for the 2020/21 financial year (1 April 2020 to 31 March 2021), an increase of £468 million on last year's previous record figure and the first time that sales have surpassed the £8 billion mark. As a result, the company generated almost £1.9 billion for Good Causes over the period – an increase of more than £34 million on last year and the equivalent of £36 million being generated every week.

Combined with the Lottery Duty it pays to the government and the commission it pays its retail partners, Camelot delivered a record £3.1 billion to society in 2020/21 – around £59 million every single week. Including the prize money of £4.8 billion that it awarded over the year, the company continued to return 95% of all sales revenue to winners and society. This is one of the highest percentages of lottery revenue given back in the world and clear evidence that Camelot is continuing to deliver for everyone in the country.

## CHAIRMAN'S STATEMENT (CONTINUED)

This outstanding performance means that The National Lottery, under Camelot's stewardship, continues to be a UK-wide success story. It has now raised over £43 billion for Good Causes since its launch – a far higher figure than the £1 billion per year forecast by government at launch – and funded more than 635,000 Good Cause projects, making an enormous difference to the lives of people and communities in all four nations. At the same time, it has awarded over £80 billion in prize money, creating more than 6,100 millionaires in the process, delivered over £18.5 billion in Lottery Duty to the government and paid more than £7.1 billion in commission to its retail partners.

As well as contributing to truly world-class arts and heritage projects, and helping to create inspirational Olympic and Paralympic champions, with around 70% of all funding grants being for £10,000 or less, The National Lottery provides a real lifeline to thousands of small, grassroots initiatives that change lives for the better at a local level.

Given the unprecedented challenges and sheer scale of the Covid-19 pandemic over the course of the last year, the flow of funding that makes all of this possible has never been more important. Camelot's success, therefore, in growing returns to Good Causes and raising £59 million every week for society in 2020/21 comes at a time when the UK most needs it – and I am immensely proud of the leading role that The National Lottery is playing in the national effort to combat the impact of the pandemic.

Thanks to the National Lottery Distributors, The National Lottery's huge £1.2 billion relief package has been distributed to charities and organisations to help those most in need, including more than £600 million in funding from The National Lottery Community Fund to help groups best placed to support people and communities at a local level through the crisis.

This vital funding support has boosted the arts, community and charity, education, environment, health, heritage and sports sectors, and has helped to protect the future of thousands of organisations across the UK during the last year. Among other things, the money awarded has gone towards thousands of initiatives and programmes that tackle loneliness and isolation, provide support for the elderly and vulnerable young people, and promote physical and mental health in the community.

As a responsible business, Camelot works hard to ensure that National Lottery players have a positive and enjoyable experience within a safe environment, with lots of people playing but each spending relatively small amounts. I'm therefore pleased to report that the company's success over the year continued to be underpinned by its commitment to selling tickets in a socially responsible way. The effectiveness of Camelot's approach in this area is underlined by the fact that, with around 60% of UK adults playing its games, The National Lottery is ranked just 60th in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales.

Even though the inherent risk of unhealthy play associated with National Lottery products is widely recognised as being very low, the company recognises that, because of The National Lottery's scale and reach, it must continue to do everything it can to encourage and support healthy play wherever possible. Healthy play therefore continues to be a top priority for Camelot and the company will be looking to build on its position as a world leader in this area by augmenting all of the work it has carried out across its retail and digital channels to date, and continuing to further invest in its extensive range of healthy play tools.

Camelot has also always been committed to the health and wellbeing of all of its employees but, following the onset of the Covid-19 outbreak, the Board and senior management made this the company's overriding priority. It therefore carried out a huge amount of activity over the year to look after and meet its staff's needs as it navigated its way through the pandemic, enabling them to continue delivering work that is changing lives for the better across the whole of the UK. With more work planned to expand on its achievements to date in this area, the company will be keeping the welfare of its employees as its number one priority in the coming year. It also remains focused on welcoming all staff back into its offices in a controlled way when the time is right.



**THE AMOUNT OF NATIONAL LOTTERY FUNDING THAT HAS NOW BEEN DISTRIBUTED THROUGHOUT THE UK TO HELP TACKLE THE IMPACT OF COVID-19.**

**CAMELOT**

## CHAIRMAN'S STATEMENT (CONTINUED)



Unlike in previous years, the pandemic meant that the Board was unable to continue to hold off-site meetings in National Lottery-funded venues across the UK in 2020/21. This practice has seen the Board travel to Cardiff, Belfast and Edinburgh on previous occasions – and forms a key part of the company's commitment to bringing The National Lottery's purpose to life. It gives members a greater understanding of the vital role that The National Lottery plays in supporting all parts of society and, through visits to Good Cause projects, the incredible impact that funding makes at a local and regional level. I therefore very much look forward to the Board being able to resume this activity once circumstances allow.

The suspension of the programme of visits also meant that Board members were unable to meet retailers across the UK. Retailers are Camelot's interface with the public and they play a vital role in The National Lottery's success – and meeting them enables members to learn more about what The National Lottery means to them, their businesses and their local communities, and to gain a better understanding of their views on Camelot's operation of it.

Despite the widespread disruption caused by the pandemic – which resulted in significant reductions in both footfall and shopper frequency – around

60% of all National Lottery sales continues to come through retail outlets. For many smaller outlets, so vital to their local communities, the income earned on these sales is absolutely crucial to the ongoing health of their businesses.

Despite the unprecedented challenges and uncertainty they've had to face over the year, our 44,000 retailers have continued to do an extraordinary job for The National Lottery and the whole of the UK. The fact that they've kept sales going throughout has protected the flow of essential funds for Good Causes – and that support has been vital to the country's response to the pandemic. Everyone at Camelot is grateful for everything they are doing and I can assure them that the company is committed to continuing to support them in every way it can.

Covid restrictions also limited the Board's programme of face-to-face meetings but regular meetings still took place during the year. Members also took part in video conference update sessions in the months in which no formal Board meetings were scheduled to take place. From March 2020 onwards, additional update sessions have been taking place to keep Board members informed of the impact of the pandemic on the company's operations and performance.

Shortly after the end of the financial year, the company strengthened the Board with the appointment in May 2021 of Nick Jansa, Senior Managing Director, EMEA at OTPP. I am delighted to welcome Nick to the Board, where he joins Jane Rowe as the second Shareholder-Nominated Non-Executive Director, ensuring that there is an effective two-way channel of communication between the company and its shareholder.

With the turbulent times that we've all been living through not yet over and the competition for the fourth National Lottery licence well under way, the company recognises that the year ahead will be challenging. However, the strengths and qualities it has showed not just in this record-breaking year but in each of the last four years – coupled with the initiatives it has planned to build on its tremendous achievements – leave me in no doubt that, under Nigel's leadership, Camelot is in excellent shape to rise to these challenges.

On behalf of the Board, I would like to thank Nigel, his management team and all of Camelot's employees – all of whom have shown the highest levels of commitment and professionalism, under very difficult circumstances, in delivering the company's best-ever sales performance and ensuring record returns to society in a year when they've been most needed. Thanks to their efforts,

The National Lottery, with Camelot as its custodian, has never been fitter or more capable of delivering for everyone in the UK. I look forward to working with them, as well as my Board colleagues, in the coming year to ensure that The National Lottery's success story continues.

Rt Hon Sir Hugh Robertson KCMG PC DL  
Chairman  
24 June 2021

## CHIEF EXECUTIVE OFFICER'S REVIEW

**It has been a truly extraordinary year for Camelot – a year in which the resilience and adaptability of our business, paired with our wealth of experience and unique understanding of operating in the UK, shone through as we achieved record National Lottery sales and returns to society, and continued to deliver for the whole of the UK.**

Achieving yet another record sales year – and our fourth straight year of sales growth – in a year in which the sheer scale of the Covid-19 pandemic has thrown up so many unprecedented challenges is an outstanding feat.

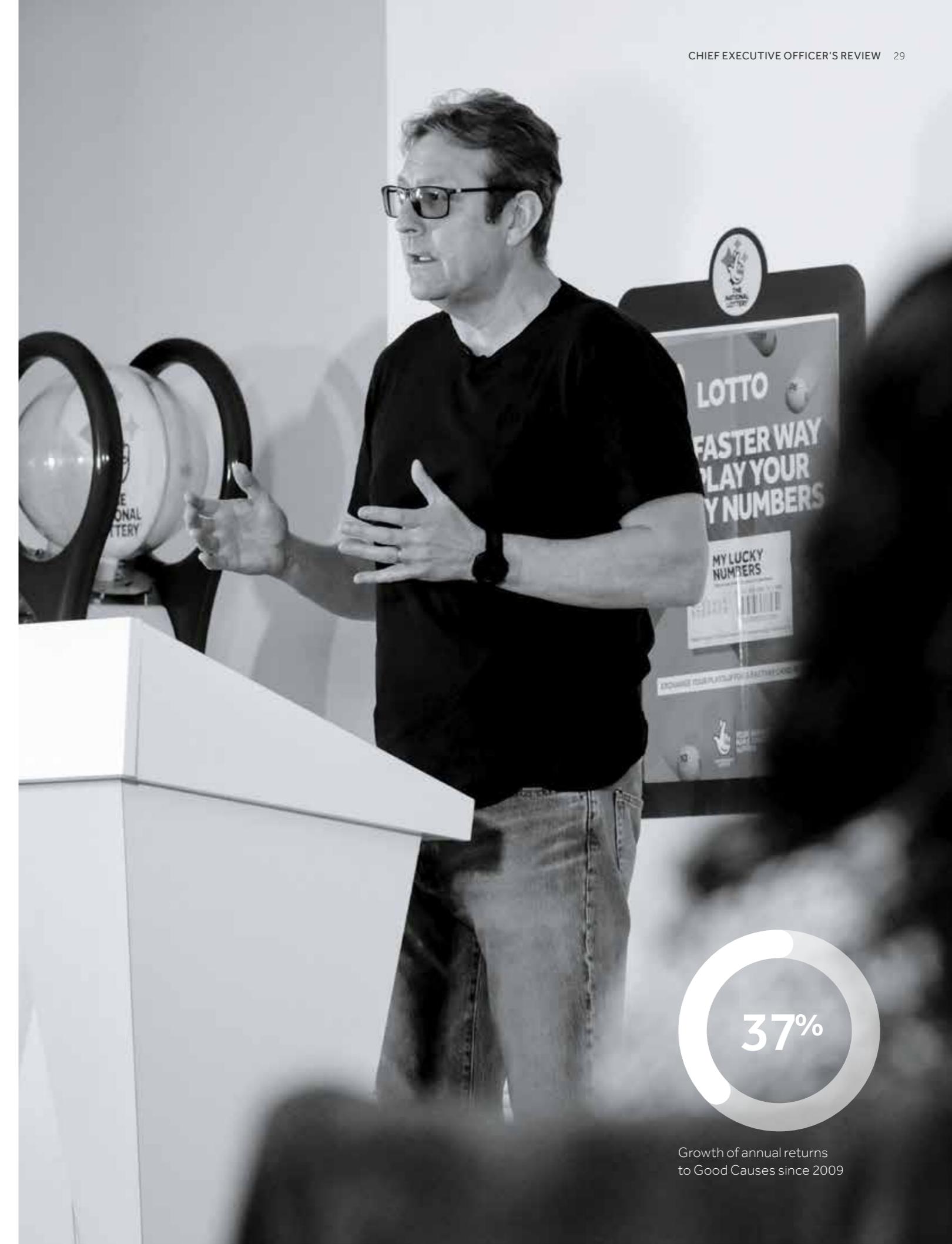
It's clear proof of what can be achieved when you build a business on rock solid foundations. A business with effective retail and digital channels that complement, rather than compete against, each other; a wide range of games that offers something for everyone; and a strong and relevant brand – all working together to maintain the health of The National Lottery, even in the most difficult of times.

Over the course of the third National Lottery licence, we've now grown total sales by a massive 62% – with annual returns to Good Causes now more than £500 million higher than they were at the start of the licence period in 2009. As you'll see throughout this Report, the figures speak for themselves in demonstrating that The National Lottery has never been fitter.

Our ongoing success as one of the world's most successful and innovative lottery operators – and the best-performing lottery operator in Europe in terms of growth in 2020 – matters. With over £1.2 billion in vital National Lottery funding having now been distributed to charities and organisations to help those most in need, The National Lottery is playing a leading role in helping the country respond to, and rebuild from, the enormous impact of the pandemic.

We succeeded in growing total National Lottery sales to a record £8,373.9 million for the 2020/21 financial year (1 April 2020 to 31 March 2021). This was an increase of £468.8 million on last year's previous record figure and is the first time that sales have exceeded the £8 billion mark since The National Lottery's launch in 1994.

As a result, we generated £1,887.5 million for Good Causes over the period, including our best-ever returns to Good Causes from sales revenue alone. This represented an increase of £34.4 million on last year and is the equivalent of £36 million being generated every week – that's an incredible £60 being raised every single second.





## CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Combined with the Lottery Duty we pay to the government, which exceeded £1 billion for the first time in 2020/21, and the commission earned by our retail partners, we also delivered a record £3.1 billion to society over the year. Including prize money, we returned 95% of all sales revenue to winners and society last year – one of the highest percentages of lottery revenue given back in the world and clear evidence that we're continuing to deliver for everyone in the UK.

Our success in growing returns to Good Causes over the year comes at a time when the UK has needed this crucial revenue more than ever. Thanks to the National Lottery Distributors, The National Lottery's huge £1.2 billion package of support – the biggest financial contribution to the UK-wide response to the Covid crisis outside of government – has been distributed to support the people and projects who need it most.

This massive relief effort has boosted the arts, community, heritage and sports sectors, and has helped to protect the future of thousands of organisations across the UK. Among other things, the money awarded has gone towards thousands of local initiatives and programmes that tackle loneliness and isolation, provide support for the elderly and vulnerable young people, and promote physical and mental health in the community.

It has also enabled the people and organisations that make up the UK's vibrant arts sector to bring creativity, enjoyment and enrichment to people in new ways over the last 12 months, and allowed key project workers and volunteers to safeguard the country's valued heritage sites to ensure they are not lost to the public permanently. And it has seen thousands of grassroots sports workers and volunteers from local clubs and organisations across the UK continue to help the nation to remain active, happy and motivated during the pandemic.

Anyone who has bought a National Lottery ticket should feel very proud of their role in making all of this possible.

Our outstanding performance over the year takes the total that The National Lottery has raised to date for Good Causes to over £43 billion – 60% more than the most optimistic government

forecast at the time of The National Lottery's launch. On top of that, it has delivered £18.5 billion in Lottery Duty for the government over the same period – money that has helped to fund public expenditure throughout the UK.

National Lottery funding has now been awarded to more than 635,000 individual Good Cause projects UK-wide, helping to transform the lives of millions of people and communities for the better. This works out at an average of 225 grants in every postcode district, meaning that almost everyone in the UK has benefited from a National Lottery-funded project at some point.

The National Lottery also continued to transform the lives of its players in 2020/21. Over the course of the year, we awarded a record £4,854.7 million in prize money to players, £349.7 million more than in 2019/20. In the process, we created 389 new millionaires – more than one new millionaire every single day – and a further 457 winners of over £50,000.

Since its launch in 1994, The National Lottery has now awarded over £80 billion in prize money to players and created more than 6,100 millionaires or multi-millionaires who, between them, have shared an incredible £15.9 billion.

In a year dominated by the pandemic, it was perhaps fitting that key workers were among the people most likely to win a National Lottery jackpot. Drivers – bus, taxi and delivery – represented the largest group of winners, while people working in the administrative and secretarial sector were the next luckiest, just ahead of care, social and charity workers.

Covid also meant that we had to adapt our working practices to ensure that we could continue to pay major prize winners during the series of national and regional lockdowns. With the agreement of the Gambling Commission, we moved quickly to modify our prize validation processes to enable us to do this while complying with the strict government restrictions that had been put in place. We also made the most of video technology to ensure that we continued to offer our winners the same high level of emotional and financial support that they would have received were it not for the pandemic.



## CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Achieving record-breaking sales and returns to society in such a turbulent year is the result of all of the work we've carried out over the last four years across our games, channels and brand. Thanks to the resilience afforded by these strong foundations – combined with our ability to adapt and some innovative thinking – we've had an extraordinary year across all areas of our business.

Our performance was driven by our best-ever digital sales of £3,509.5 million – an increase of £1,052.0 million on the previous year – which further cemented our position as a world-leading digital lottery operator. As part of this, we grew mobile sales by £876.4 million to an all-time high of £2,481.9 million, with sales through smartphones and tablets now accounting for 70% of all digital sales.

With 9.7 million registered active players, we operate the world's biggest online lottery in terms of revenue, but we didn't stand still – we continued to innovate and invest in our digital channels throughout the year. For example, we launched a fun and interactive 'number picker' for draw-based games, and made a series of enhancements to The National Lottery's iPhone and Android apps to further improve the customer journey and give players an even more personalised experience.

Our success in exceeding the £3 billion sales mark in digital for the first time was also built on increased participation, with 2.7 million new online player registrations over the course of the year. Thanks to years of significant investment in our digital channels, we were already in a great place to cope with this seismic shift in demand.

And to make it easier for people who might traditionally play in retail to play online during lockdown, we introduced a series of step-by-step 'how to' videos, increased resources on our technical support helpline to help players with any queries, and lowered our minimum deposit amount from £10 to £5 to ensure that people who just want to buy a ticket or two can play online if they prefer.

Despite the widespread disruption caused by lockdown – which resulted in significant reductions in both footfall and shopper frequency – retail remains the largest National Lottery sales channel, accounting for around 60% of all National Lottery sales.

In what were extremely challenging high street conditions, the likes of which the UK has never seen before, we continued to heavily support our 44,000 retail partners throughout. We recorded in-store sales of £4,864.4 million – down from £5,447.6 million in 2019/20 – with sales recovering strongly in the second half of the year and now almost back to pre-pandemic trading levels.

As a result, our retailers earned £275.9 million in commission over the period, the equivalent of around £6,200 per store. This takes the total commission that they have earned since The National Lottery's launch to over £7.1 billion.

To ensure that The National Lottery is as convenient to play as possible, we continued to adapt our market presence to bring in new players by giving people even better access to our games in the stores where they're shopping. As a result, we launched innovative rollouts in Aldi and Iceland to drive impulse and convenience play, and therefore incremental sales. We also made enhancements to our self-checkout offer in Asda – with talks with other major supermarkets ongoing – and made National Lottery Scratchcards available for home delivery with Asda.com and Tesco.com.

We also brought in new measures to support and make life easier and safer for our retailers, particularly the thousands of independent retail partners having to endure such difficult trading conditions. We adapted our plans regularly to support them, making their and their customers' safety a priority – and have done everything we can to help those stores that had to temporarily stop selling games or had to close because of Covid.

Although our Retail Sales Team had to come off the road during lockdown, we set them up so that they could continue to provide phone and video support to retailers. And we continued to invest in tools such as our award-winning National Lottery Retailer website to help retailers make the very most of selling National Lottery products and in initiatives such as our popular 'Site, Stock, Sell' retailer rewards programme, which we moved online in the summer to make it easier for retailers to take part.

We also boosted prize money for our retailer competitions and bonus events over the year to help small independent shops during the pandemic. In total, we awarded more than £530,000 in rewards to retailers in 2020/21 – money that we hope has helped to make a real difference to them.

## CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

As a result of everything that we've been doing to help them, retailer satisfaction scores are now at their highest-ever level.

Despite the unprecedented challenges they've had to deal with over the year, by staying open and ensuring that Good Causes could continue to benefit throughout, our retail partners have played an extraordinary role in the national response to the pandemic. Everyone at Camelot is hugely grateful to each and every one of them for making The National Lottery what it is today. Despite the ongoing uncertainty that they continue to face, I can assure them that, just as they've always been there for us, they can count on our continued support.

During the year, we maintained our longstanding focus on our strategy for long-term, sustainable growth by continuing to innovate and enhance across our portfolio to offer people a choice of individual games that really stand out from each other. As a result, we succeeded in growing sales of all six of our draw-based games in 2020/21 to £4,690.7 million, an increase of £153.6 million.

The increase was primarily driven by our success in increasing Lotto sales, with November's enhancement of an additional cash prize of £5 for matching two main numbers in a 'Must Be Won' Rolldown draw going down really well – and making us one of only a few operators around the world to be growing sales of its flagship Lotto game. Over 1.2 million players won the new boosted prize in the very first draw following the change – and millions have benefited in Rolldown draws ever since.

Set For Life, the most recent addition to our range of draw-based games, is also continuing to perform brilliantly and exceeding sales expectations, while sales of EuroMillions were also up – albeit marginally – despite Covid restrictions in some of the partner countries leading to lower-than-usual ticket sales meaning that the jackpot didn't grow from draw to draw as quickly as it normally would.

Our Instants range of in-store Scratchcards and online Instant Win Games performed very strongly over the period too. As a result of improvements we made to offer players greater choice through a regularly updated selection of differently priced

games with diverse themes – and the measures we put in place to make it straightforward for regular in-store Scratchcard players to try the equivalent Instant Win Games online during lockdown – we grew total Instants sales by £315.2 million to £3,683.2 million.

Most importantly, our sales success over the year was achieved in tandem with our longstanding commitment to selling tickets in a socially responsible way, underlining our status as a world leader when it comes to healthy play.

Even though it's widely recognised that National Lottery games pose an extremely low risk of causing harm to players, we want all of our players to continue having a positive and enjoyable experience within a safe environment, with lots of people playing a little. Healthy play therefore continues to be a top priority for us.

Although claimed average weekly spend across all National Lottery games and channels remained broadly in line with last year, we continued to invest significantly in our healthy play tools, particularly online because of the shift from retail to digital driven by lockdown restrictions.

For example, we continued to enhance and promote our 'DREAM BIG PLAY SMALL' healthy play message, further embedding it across retail and digital player journeys, and more than doubling the number of touchpoints where it appears. We also increased the number of healthy play communications sent to all players throughout the pandemic, and continued to take action in the very small number of cases where we saw signs of potentially unhealthy play.

Having a strong and healthy brand is also key to The National Lottery's ongoing success. Working closely with the wider National Lottery family – especially the National Lottery Distributors, who play an instrumental role in getting the funding to the people and projects who need it most – we made excellent progress during the year in making The National Lottery brand more relevant and visible, and in better connecting The National Lottery's unique purpose with play.



## CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

At the heart of this activity was a steady drumbeat of Good Causes advertising – firstly to highlight The National Lottery's huge financial package of support for the country's response to the pandemic and to remind players of the massive difference they are making to the national effort, before settling into campaigns to shine a spotlight on the amazing individuals making a real difference in their communities and the £30 million-plus raised every week by National Lottery players.

The National Lottery also offered support directly to a number of organisations affected by Covid. These included initiatives to help socially distanced pantomimes, lower league football in all four nations, the LTA's Wheelchair World-Class Programme, and women's and girls' rugby league. On top of that, we announced a wide-ranging sponsorship deal with three of ITV's biggest shows that has put The National Lottery firmly at the heart of Saturday night entertainment.

I'm pleased to report that all of this activity is delivering results – with The National Lottery's brand positivity scores consistently at their highest levels on record and driving greater player participation.

This successful brand-led marketing approach is playing a hugely important role in maintaining the relevance of The National Lottery to the people of the UK, which, in turn, helps us to grow sales and returns to Good Causes – and it will continue to do so in the coming year.

However, as I've reported previously, The National Lottery and the vital money it raises for Good Causes continue to face increasing pressure from the gambling sector and from 'synthetic' national lotteries – society lotteries that operate on a national scale and compete directly with The National Lottery, contrary to the original intention of Parliament.

The operators of the latter benefit from significant advantages over The National Lottery. For a start, they don't have to pay 12% tax – Lottery Duty – to the government on ticket sales. And, unlike, Camelot, which is restricted under its unique licence structure in terms of how much it can spend on marketing, they are able to spend significantly more on promoting their products.

This direct competition means that The National Lottery's 'share of voice' has reduced significantly, and so we're having to find and spend significantly more money just to achieve the same results – for example, on things like securing key brand terms in paid search. This money would otherwise have been spent on marketing initiatives designed to increase returns to Good Causes. We therefore developed a view on the optimum level of marketing required to support The National Lottery brand and portfolio of games during the year, before making a proposal to the Gambling Commission for joint investment to this level.

Having secured the necessary approvals from the Gambling Commission, we therefore retained and reinvested £59.2 million from Good Causes to enable us to carry out the additional marketing activity needed to support the long-term health of The National Lottery, having demonstrated that Good Causes will receive a strong return on this investment.

After taking into account this additional marketing investment and other adjustments, the actual amount payable to Good Causes in 2020/21 was £1,831.4 million. With Good Causes receiving a strong return on investment of 147% over the year, this was a considerably higher sum than they would have received if we hadn't carried out the additional marketing activity.

In what was an extraordinary – and, for many people, a frightening – year, the health and wellbeing of all of our employees was a top priority as we navigated our way through the pandemic. We carried out a huge amount of activity to look after and meet their needs, and to enable them to continue delivering work that is changing lives for the better across the whole of the UK.

Our response to the pandemic was swift and decisive. We moved to working from home very quickly for the vast majority of staff and hired more than 150 new starters, while re-engineering our onboarding programme to be fully virtual. We ensured that home-working environments were fit for purpose and that our offices were Covid-safe for the small number of workers who needed to be in one of our physical locations in order to carry business-critical duties or for wellbeing reasons.



We moved our exciting programme of learning aimed at offering development for all to being fully virtual and carried out a lot of work to expand our inclusion agenda to ensure that people feel that they can bring their whole selves to work. As part of this, we had insightful and powerful discussions with employees about race in the workplace to help us consider what more we can do as an inclusive employer.

We gave 15 additional days of leave to parents to help them achieve a better home-working and home-schooling balance. We also gave people access to a digital GP service and partnered with Lifeworks, a great wellbeing tool that provides expert support and confidential counselling on a wide range of topics, including health, education, finances and parenting.

In addition, I provided video updates every two to three weeks throughout the year to keep everyone informed about our business performance, and to share information and advice about working from home and the importance of prioritising health and wellbeing. We also upped the frequency of our Employee Forum meetings to help keep staff connected and to ensure that we continue to listen to their views.

To round off a remarkable year, we were thrilled to once again be named as one of the top companies to work for at the 2021 Best Companies Awards. We were placed 10th in the Best 100 Large Companies and retained our '3 Star' accreditation, the highest standard achievable for workplace engagement – a huge accomplishment in such a turbulent year. We were also the only large company to receive a special wellbeing award, in recognition of our commitment to looking after our people.

The record employee engagement score of 92% that we achieved in our most recent internal engagement survey underlines the great progress we've made in developing our work in this area. I'm really proud that, despite all of the unprecedented challenges thrown up by the pandemic, we've stayed connected as an organisation and continued to provide a truly supportive environment for all.

## CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Our key focus is now on welcoming all employees back into our offices in a controlled way when the time is right. We'll continue to follow government guidelines and advice, keeping the health and wellbeing of our staff as our number one priority. As part of this, we'll be working with them to agree plans about what future ways of working look like in terms of flexible working arrangements.

It's also really important to me that everyone at Camelot should be able to feel the impact of the life-changing good that they make possible through their day-to-day work and to understand what The National Lottery means to people in different parts of the UK.

While Covid has restricted our opportunities to get out and about to experience The National Lottery's impact in person, we've continued to learn more about how it is benefiting people in different ways through virtual means. For example, we've enjoyed a range of guest speakers at our quarterly, full-company 'All Together' Sessions – with each project having its own unique and inspiring story to tell about the incredible difference that National Lottery funding has made to them.

While the need to keep everyone safe limited our regular programme of face-to-face meetings with key political, regulatory and policy stakeholders, as well as the editors of leading regional news titles – organisations that know their local area better than anyone else and understand the difference that National Lottery funding makes to the local community – we continued this important work on a virtual basis.

The pandemic also had an impact on our regular volunteering opportunities, but we continued to support all three of our charity partners – The Conservation Volunteers, Watford Mencap and The Watford Peace Hospice – throughout the year, both financially and in other ways.

We've been fortunate to be in a position to be able to help others where we can too. For example, we were proud to support the *Daily Mail*'s 'Computers for Kids' campaign. By match-funding £1 million of the amount raised by *Daily Mail* readers, it gave us the opportunity to help children by providing them with much-needed school equipment and resources for learning from home.

We've also been hugely grateful for the way in which our local Watford community has come together to respond to the Covid crisis and have looked to help in any way we could. We had no hesitation in supporting Watford and Three Rivers Trust's Covid-19 Community Fund appeal with a donation of £100,000 to boost the amazing and selfless work of charities and voluntary groups in our town, and were pleased to be able to provide empty office space at our head office to the NHS to help ease some of the pressure it was facing.

As restrictions ease further in the coming year, we look forward to being able to get on the road again and resuming all of our outreach activities in person.

Having successfully completed the Gambling Commission's Selection Questionnaire, we're actively engaged in the competition for the fourth National Lottery licence, which the Gambling Commission launched in August 2020. Although we're unable to share any further details at this stage, having run one of the world's most successful and innovative lotteries for more than 26 years – delivering almost £150 billion to winners and society in the process – it's only natural that we're interested in bidding.

As this year's sales results prove, The National Lottery, under Camelot's stewardship, is in its best-ever shape – and our immediate focus is on continuing to keep it strong and healthy for the benefit of everyone, and, as you will see elsewhere in this Report, raising even more money for society at a time when funding has never been more vital.

While we don't doubt that the coming year will be a demanding one – especially given the ongoing uncertainty about Covid – the incredible resilience and flexibility that the business has shown in achieving yet another record sales performance gives me every confidence that we're in excellent shape to meet the challenges that lie ahead.

I'm immensely proud of what we've achieved together this year. It's a culmination of all of the work we've carried out over the last few years in the areas of games, digital, retail and brand. It's been these four pillars, and our ability to adapt quickly and decisively – combined with our years of experience and unique knowledge of the UK market – that have helped us to ensure the best-ever returns to society in a year when it's been needed most.

And it's these strengths that will stand us in good stead in the coming year. Having set a strategic course four years ago following our wide-ranging review of the business, we've delivered on all of the initiatives that came out of it. But we're far from done. We now have a whole new raft of exciting plans to continue on that course – initiatives that will build on this year's phenomenal performance to ensure that The National Lottery continues to deliver for the benefit of everyone.

My thanks go to everyone who has helped to make this such a successful year for The National Lottery. To our players, who make a massive difference every time they buy a ticket and without whom none of what we've achieved would have been possible; and to our retail partners, who, by keeping sales going, have helped to maintain the vital flow of money to Good Causes.

To the wider National Lottery family for their ongoing support, particularly the National Lottery Distributors, who continue to do a brilliant job in making sure that funding goes to those who need it most. And to my Chairman, Sir Hugh Robertson, and Board colleagues for their continued guidance and backing over the course of the year.

Last but not least, I would like to say a huge thank you to my fantastic colleagues at Camelot. They haven't just kept everything running smoothly during an exceptionally difficult period – they've risen to the challenge, smashed all of our targets and delivered brilliant results. I'm extremely proud of all of them. Just as they do, I feel honoured to work as part of a team that makes such a positive and meaningful difference to the lives of people and communities the length and breadth of the UK.



Nigel Railton  
Chief Executive Officer

24 June 2021

**"The National Lottery has contributed enormously to the whole country building back better from the pandemic. This massive £1 billion contribution has made a significant difference to the lives of so many by providing critical financial support for our communities in need."**

Oliver Dowden, Secretary of State for Digital, Culture, Media & Sport

# Outstanding track record

## OUR OUTSTANDING TRACK RECORD



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



We set a new National Lottery sales record in 2020/21 – our fourth straight year of sales growth and over £100 million more than the combined total UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Heinz, Warburtons, Pepsi and Birds Eye.

Source: 'Britain's Biggest Brands', The Grocer/Nielsen – April 2021



The proportion of the UK adult population who live or work within one mile of a National Lottery terminal.



The percentage of the UK population to whom The National Lottery crossed fingers logo is recognisable.



The amount The National Lottery has raised for Good Causes since its launch in 1994 – 60% more than the original government forecast of £1 billion per year.



The total sales growth we've achieved since the start of the third National Lottery licence in 2009, with annual returns to Good Causes now more than £500 million higher.

The proportion of UK adults who currently play National Lottery games – underlining the huge reach of the brand.

**60<sup>TH</sup>**

We're recognised for selling National Lottery tickets in a socially responsible way – The National Lottery is ranked just 60th in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales.

**£36 million**

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

**£1.2 billion**

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

**635,000**

The number of individual Good Cause projects that have now received National Lottery funding. With an average of 225 grants awarded in every postcode district, almost everyone in the UK has benefited from a National Lottery-funded project.

**£80 billion**

The amount of prize money we've awarded to players to date.

**6,100**

The number of National Lottery millionaires or multi-millionaires we've now created.

**4%**

The percentage of total revenue we spend on operating costs, making The National Lottery one of the most cost-efficient major lotteries in Europe.

**1%**

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

**£18.5 billion**

The amount of Lottery Duty we've generated for the Treasury – money that has helped to fund public expenditure across the UK.

**£7.1 billion**

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

**10<sup>th</sup>**

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



The percentage of all revenue we return to winners and society – one of the highest proportions of total lottery revenue given back in the world.

# Innovative and pioneering



# OUR GAMES, CHANNELS AND THE NATIONAL LOTTERY BRAND

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

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

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

## OUR STRATEGY

As a responsible business, we work hard to ensure that National Lottery players have a positive and enjoyable experience within a safe environment, with lots of people playing but each spending relatively small amounts. And all of our work in this area is paying off.

Around 60% of UK adults currently play our games, with the demographics of play closely mirroring the demographics of the UK population as a whole. In addition, despite being the fifth largest lottery in the world by sales, The National Lottery is ranked just 60th in the world in terms of per capita spend. (Source: La Fleur's World Lottery Almanac 2021)

Key to our success in responsibly encouraging lots of people to play a little is the work we carry out to attract the broadest possible player base. We do this by offering a range of distinct games that complement, rather than compete against, each other – with prizes, chances to win, play styles and prices to suit different needs, tastes and pockets.

During the year, we maintained our longstanding focus on our strategy for long-term, sustainable growth by continuing to innovate and enhance across our portfolio to offer people a choice of individual games that really stand out from each other.

In November, for example, we enhanced our Lotto game by giving players an additional cash prize for the first time for matching two main numbers in a 'Must Be Won' Rolldown draw. In the very first draw following the change, over 1.2 million winners scooped the new, boosted prize – and the change has gone on to drive sales and player excitement, and helped us to raise even more money for Good Causes.

The most recent addition to our range of draw-based games, Set For Life, is also performing very strongly and is exceeding sales expectations. And we continued to make improvements to our range of Instants games by giving people greater choice through a regularly updated selection of differently priced products with diverse themes, both in-store and online.

We also continued to invest in and innovate across our retail and digital channels to ensure that people can enjoy playing National Lottery games when they want and where they want.

For example, we carried out further work to better reflect the changing retail landscape, with innovative rollouts in Aldi and Iceland, as well as making National Lottery Scratchcards available for home delivery with Asda.com and Tesco.com. We also brought in new measures – such as moving our 'Site, Stock, Sell' retailer rewards programme online – to support and make life easier and safer for our thousands of independent retail partners.

Even though we operate the world's biggest online lottery in terms of revenue, we also continued to invest in our digital channels to make sure that we're continually improving the customer journey and giving players an even more personalised experience.

For example, we made improvements to our website and apps – including a recently launched, fun and interactive 'number picker' for draw-based games – to make them more user-friendly and engaging. We also introduced a series of step-by-step 'how to' videos to make it easier for players who had never played online before to do so.

As well as all of the activity we carried out to support our games and sales channels, we worked closely throughout the year with the wider National Lottery family – especially the National Lottery Distributors – to make The National Lottery brand more relevant and visible, and to better connect The National Lottery's unique purpose with play.

At the heart of this activity was a steady drumbeat of Good Causes advertising – firstly to highlight The National Lottery's huge financial package of support for the country's response to the pandemic and to remind players of the massive difference they are making to the national effort, before settling into campaigns to shine a spotlight on the amazing individuals making a real difference in their communities and the £30 million-plus raised every week by National Lottery players.

Our strategy for long-term, responsible growth is working: we've now achieved four years of successive sales growth, and The National Lottery's brand positivity scores are consistently at their highest levels on record and driving greater player participation. As a result, we've grown total National Lottery sales by 62% since the start of the third licence period – an outstanding achievement and clear evidence that The National Lottery has never been healthier.

Most importantly, our success continues to be underpinned by our commitment to selling tickets in a socially responsible way. We continue to be a world leader when it comes to healthy play, with lots of people playing a little. Although it's widely recognised that National Lottery games pose an extremely low risk of causing harm to players, we continued to invest significantly in our healthy play tools, particularly online because of the shift from retail to digital driven by lockdown.

For example, we continued to enhance and promote our 'DREAM BIG PLAY SMALL' healthy play message, further embedding it across retail and digital player journeys this year, and more than doubling the number of touchpoints where it appears. We also increased the number of healthy play communications sent to all players throughout the pandemic, and continued to have personalised interactions with the very small number of players who showed signs of potentially unhealthy play.



**Our strategy for long-term, responsible growth is working. With four years of successive sales growth, total sales up by 62% since the start of the third licence period and brand positivity consistently at its highest level on record, The National Lottery has never been healthier.**

## OUR GAMES



### LOTTO

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



### EUROMILLIONS®

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



### SET FOR LIFE®

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



### THUNDERBALL

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



### LOTTO HOTPICKS

Our Lotto spin-off game offers players the chance to win up to £350,000 by picking and matching fewer Lotto HotPicks numbers against the main Lotto draw. Lotto HotPicks takes place every Wednesday and Saturday, and costs £1.00 to play.



### EUROMILLIONS HOTPICKS

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



### SCRATCHCARDS

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



### INSTANT WIN GAMES

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



## OUR PERFORMANCE IN 2020/21

We succeeded in growing total National Lottery sales to a record £8,373.9 million for the 2020/21 financial year (1 April 2020 to 31 March 2021). This was an increase of £468.8 million on last year's previous record figure and the first time that sales have exceeded the £8 billion mark since The National Lottery's launch in 1994.

This achievement, combined with the fact that we've now delivered four years of successive sales growth, made us the best-performing European lottery operator in terms of growth in 2020 – as well as one of the top performers globally – and underlines our position as one of the world's most successful and innovative lottery companies.

As a result, we generated £1,887.5 million for Good Causes over the period – including our best-ever returns to Good Causes from sales revenue alone. This represented an increase of £34.4 million on last year and is the equivalent of £36 million being generated every week – that's £60 being raised every single second.

Our success in growing returns to Good Causes over the year couldn't have come at a more important time – with this vital funding needed more than ever as the UK responds to, and rebuilds from, the enormous impact of the pandemic.

Combined with the Lottery Duty we paid to the government, which exceeded £1 billion for the first time in 2020/21, and the commission earned by our retail partners, we also delivered a record £3.1 billion to society over the year. Including prize money, we returned 95% of all sales revenue to winners and society last year – one of the highest percentages of lottery revenue given back in the world and clear evidence that we're continuing to deliver for everyone in the UK.

Achieving record-breaking sales in such a turbulent year is the result of all of the groundwork we've laid over the last few years across our games, channels and brand. Thanks to the resilience afforded by these strong foundations – combined with our years of experience, innovative thinking and agility – we've had an extraordinary year across all areas of our business.

## OUR PERFORMANCE IN 2020/21 (CONTINUED)

Our performance over the period was driven by our best-ever digital sales of £3,509.5 million – firmly cementing our place as the operator of the largest digital lottery in the world by revenue. And even though we experienced widespread lockdown disruption in our retail channel during the year, we continued to heavily support our 44,000 retail partners throughout and grew sales strongly over the second half of the year to achieve total in-store sales of £4,864.4 million.

We succeeded in growing sales of all six of our draw-based games in 2020/21 to £4,690.7 million, an increase of £153.6 million. The increase was primarily driven by our success in increasing Lotto sales, with November's enhancement of an additional cash prize for players who match two main numbers in a 'Must Be Won' Rollover draw proving to be hugely popular.

Over 1.2 million players won the new boosted prize in the very first draw following the change – and millions of players have benefited in Rollover draws ever since. As a result, we are one of only a few operators around the world to be growing sales of its flagship lotto game.

Set For Life also continues to grow in popularity and is exceeding sales expectations. In addition, after an exceptional sales performance in 2019/20, we grew sales of EuroMillions – albeit marginally – despite lower-than-usual ticket sales in some of the partner countries resulting in the jackpot not growing as quickly as it normally would from draw to draw.

Our Instants range of in-store Scratchcards and online Instant Win Games performed very strongly over the period too. As a result of improvements we made to offer players greater choice and the measures we put in place to make it straightforward for regular in-store Scratchcard players to try the equivalent Instant Win Games online during lockdown, we grew total Instants sales by £315.2 million to £3,683.2 million.



**Total National Lottery sales in 2020/21 were bigger than the total UK sales of Cadbury, Coca-Cola, Nestlé, Walkers, Heinz, Warburtons, Pepsi and Birds Eye combined.**

(Source: 'Britain's Biggest Brands', *The Grocer/Nielsen* – April 2021)

## OUR RETAIL CHANNEL

**Despite the widespread disruption caused by lockdown – which resulted in significant reductions in both footfall and shopper frequency – retail remains the largest National Lottery sales channel, accounting for around 60% of all National Lottery sales.**

In what were extremely challenging high street conditions, the likes of which the UK had never seen before, we recorded in-store sales of £4,864.4 million in 2020/21. Although this was down on the previous year's figure of £5,447.6 million, retail sales recovered strongly in the final six months of the financial year and are now almost back to pre-pandemic trading levels.

As a result, our retail partners earned £275.9 million in commission over the period, the equivalent of around £6,200 per store. This takes the total commission earned by retailers since The National Lottery's launch to over £7.1 billion.

With around 44,000 outlets selling our products throughout the UK – and 94% of the UK adult population living or working within one mile of a National Lottery terminal – we're ensuring that The National Lottery is convenient to play. But we don't take this for granted and work hard to make sure that we continue to take account of the changing ways in which people are shopping.

For example, we've been looking at additional retail distribution channels to bring in new players by giving people even better access to The National Lottery in the stores where they're shopping. As a result, we launched initiatives in Aldi and Iceland to drive impulse and convenience play, and therefore incremental sales.

These innovative rollouts mean that customers in both stores can now easily and conveniently pick up Lucky Dip tickets for The National Lottery's range of draw-based games at the checkout when carrying out their food shopping.

We also made enhancements to our self-checkout offer in Asda – with talks with other major supermarkets ongoing – and rolled out National Lottery Scratchcards for home delivery with Asda.com and Tesco.com, and are now looking to introduce this through other major retailer websites.

We fundamentally believe that The National Lottery's success is reliant on building and maintaining a healthy and balanced retail channel. Retailers continue to be the backbone of The National Lottery, and they've been vital in helping us to raise crucial funding for Good Causes at a time when it's most needed.

We're absolutely committed to continuing to support them in every way we can. That's why we continue to invest heavily in retail, and have brought in new measures to support and make life easier for our retail partners, particularly the thousands of independent retailers having to endure and survive such difficult trading conditions.

Given the uncertainty they were facing at the start of the pandemic, we adapted our plans very quickly to support our retail partners, making their and their customers' safety a priority – and did everything we could to help those stores that had to temporarily stop selling games or had to close because of Covid-19.

We used a range of channels to provide retailers with frequent, timely updates and important information. As part of this, we issued regular guidance to them on safe ways for their customers to play National Lottery games and claim prizes in store.

We also actively encouraged people to only buy tickets or claim prizes in retail in line with the relevant government guidance at the time, and postponed a series of big jackpot draws until restrictions had been lifted to ensure that people didn't make unnecessary trips into stores to buy tickets.

We set up a virtual Contact Centre to serve both retailers and National Lottery players. Although our Retail Sales Team had to come off the road during lockdown, we set them up so that they could continue to provide phone and video support to retailers – with some of them also moving to our Retailer Hotline to help resolve any day-to-day queries.

## OUR RETAIL CHANNEL (CONTINUED)

We continued to invest in tools such as our award-winning National Lottery Retailer Hub to help retailers make the very most of selling National Lottery products and in initiatives such as our popular 'Site, Stock, Sell' retailer rewards programme, which helps retailers to improve their display and merchandising.

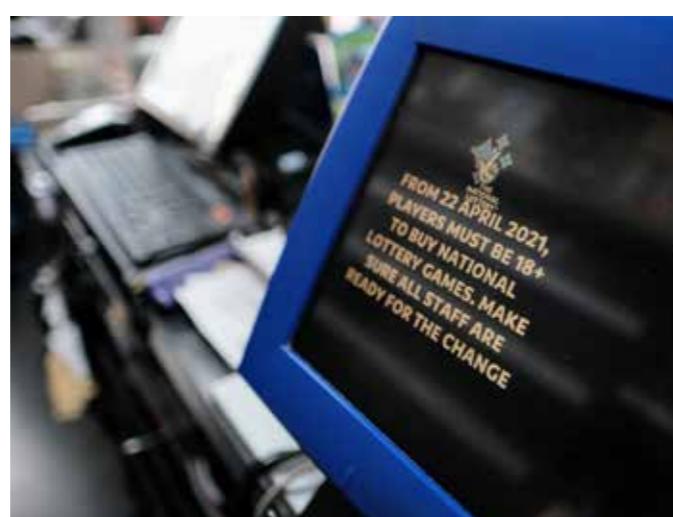
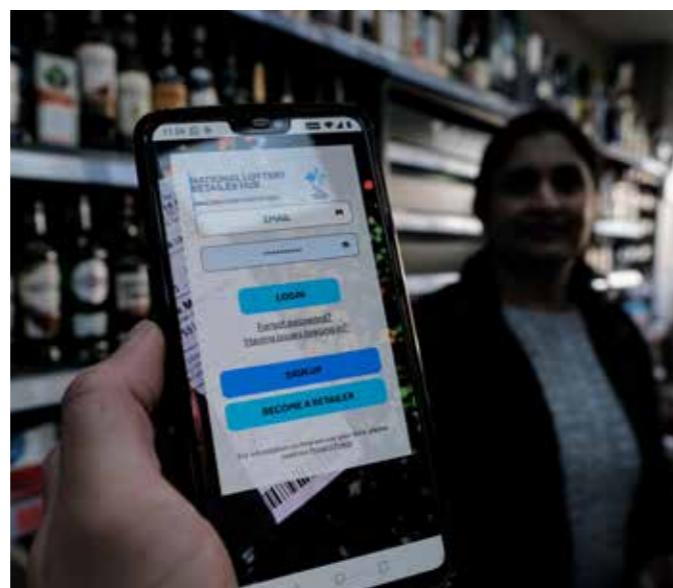
With 'Site, Stock, Sell' visits put on hold because of Covid, we moved the scheme online during the summer to make it easier and safer for retailers to take part. And, in addition to offering one quarterly prize of £10,000, we added 10 prizes of £1,000 to give more retailers an opportunity to win a big reward.

We also boosted prize money for our retailer competitions and bonus events over the year to help small independent shops during the pandemic. In total, we awarded more than £530,000 in rewards to retailers in 2020/21 – money that we hope has helped to make a real difference to them.

And, with independent retailers being vitally important to the success of The National Lottery and providing an invaluable service to their local communities during these difficult times, we continued to celebrate their achievements by awarding special plaques to those who have raised significant sums of money for Good Causes.

Despite the unprecedented challenges they've had to deal with in such a turbulent year, by staying open and ensuring that Good Causes could continue to benefit throughout, our retail partners have played an extraordinary role in the national response to the pandemic.

Whether they've been a National Lottery retailer since launch back in 1994 or they've just joined our team this year, we are hugely grateful to each and every one of them for making The National Lottery what it is today. That's why retail will always be a cornerstone of our strategy – and, just as our retailers have always been there for us, they can count on our continued support.



Watford retailer Chirag Mehta (right) – proprietor of New Hollands News & Wine – was awarded a special National Lottery plaque by local South West Hertfordshire MP Gagan Mohindra (left) and Camelot CEO Nigel Railton (centre) to celebrate his store raising £1.1 million for Good Causes.



**"As the store owner for the last five years, I'm really honoured to receive this award from my local MP and Camelot – it'll serve as a great reminder of the enormous amount of funding my customers have helped to raise for such worthy causes."**

Chirag Mehta

Ali Irtiza, owner of East End Convenience Store in Paisley, was the first winner of the quarterly £10,000 prize after we moved our 'Site, Stock, Sell' retailer rewards programme online to make it easier and safer for retailers to take part.

# 9.7 million online players

WE OPERATE THE WORLD'S LARGEST ONLINE LOTTERY IN TERMS OF REVENUE AND ONE OF THE TOP E-COMMERCE SITES IN THE UK.

CAMELOT

## OUR DIGITAL CHANNELS

Our continued innovation and investment in our digital channels saw us achieve record online sales of £3,509.5 million in 2020/21 – an increase of £1,052.0 million on the previous year. With 9.7 million active registered players, we operate the largest digital lottery in the world by revenue and one of the top e-commerce sites in the UK.

As part of this exceptional performance, we succeeded in growing mobile sales over the period by £876.4 million to an all-time high of £2,481.9 million, with sales through smartphones and tablets now accounting for 70% of all digital sales. The majority of this growth was driven by The National Lottery's iPhone and Android apps, which benefited from a series of enhancements that we introduced to improve the customer journey and give players an even more personalised experience.

These included a fully redesigned homepage and better signposting and navigation, as well as a new 'number picker' function to make choosing their lucky numbers more fun and interactive for players. These ongoing improvements have resulted in really positive feedback from players, with both apps enjoying 4+ ratings.

Our success in surpassing the £3 billion sales mark in digital for the first time was built on increased participation. With Covid restrictions leading to increased demand for our well-established and user-friendly online channels, we succeeded in acquiring 2.7 million new online player registrations over the course of the year.

And thanks to years of significant investment in our digital channels to ensure that we had the capacity required to allow us to continue offering a first-class service to players as their needs changed, we were already in a great place to cope with this seismic shift in demand.

At the start of the pandemic, we adapted our plans very quickly to minimise its impact on National Lottery sales and to protect the vital flow of money to Good Causes. For example, we took decisive action at an early stage to update all of our advertising to prioritise the ability to play our games online or on mobiles, and to encourage players to only buy tickets and claim prizes in retail in line with government guidance.

Just as importantly, we made it easier for people who might traditionally play in retail to play online during lockdown. For example, we introduced a series of step-by-step 'how to' videos, on subjects such as how to open an account and healthy play, to make it easier for players who had never played online before to do so. We also increased resources on our technical support helpline to help players with any queries and lowered our minimum deposit amount from £10 to £5 to ensure that people who just want to buy a ticket or two can play online if they prefer.

Even though it's widely recognised that National Lottery games pose an extremely low risk of causing harm to players, healthy play continues to be a top priority for us – especially now that more people are playing National Lottery games online than ever before. We want all of them to have a positive and enjoyable experience within a safe environment.

Although online average weekly spend remained broadly consistent over the year, we continued to invest significantly in our online healthy play tools. For example, we continued to enhance and promote our 'DREAM BIG PLAY SMALL' healthy play message and online portal, further embedding it across digital player journeys and more than doubling the number of online touchpoints where it appears.

We also increased the number of healthy play communications sent to all players, and continued to have personalised interactions with the very small number of players who showed signs of potentially unhealthy play.

Given the relentless pace of change in digital, we know that we can't rest on our laurels following such an outstanding year. We want to build on our position as a world-leading digital lottery operator and deliver even more for our players – and will continue to invest and innovate to ensure that playing National Lottery games online is as easy, enjoyable and safe as possible.

## THE NATIONAL LOTTERY BRAND

As well as all of the activity we carried out to support our games and sales channels, we worked hard during the year to more effectively communicate the uniqueness of The National Lottery, raise awareness of the extraordinary good that it does and recognise the all-important contribution of players.

And, working closely with the wider National Lottery family – especially the National Lottery Distributors, who play an instrumental role in getting the funding to the people and projects who need it most – we've made excellent progress in making The National Lottery brand more relevant and visible, and in better connecting The National Lottery's unique purpose with play.

Back in the spring of 2020, we were able to very quickly create advertising, which used user-generated content from Good Cause beneficiaries thanking players for their enormous contribution, to support both the initial £300 million National Lottery Community Fund Covid-relief package, as well as the overall £600 million response to the crisis from National Lottery Distributors – a figure that has now doubled to more than £1.2 billion.

In September, we launched an extensive, multi-channel campaign to highlight the huge range of projects supported by the £30 million-plus raised for Good Causes every week by National Lottery players. Working with The National Lottery Community Fund, Arts Council England and Sport England, the campaign underlined just what can be achieved with this vast weekly sum of money – from funding 20,000 community football teams or supporting 30,000 veterans to helping 900 local library projects or training 1,000 new assistance dogs.

The campaign was supported by a cross-Distributor initiative – 'Celebrating the Dedicated' – which focused on passionate but previously unheralded individuals across the UK who have responded to the challenges of the pandemic and are making a real difference in their communities.

And in November, we announced 'Miss Out To Help Out', an innovative partnership between The National Lottery, The National Lottery Community Fund, ITV and STV. The initiative shone a spotlight on people who give up their time to help others, and encouraged members of the public to miss out on their favourite TV shows and to use that time to help out in their community instead.

The National Lottery also offered support directly to a number of organisations affected by Covid. These included initiatives to help lower league football in all four nations, the LTA's Wheelchair World-Class Programme, and women's and girls' rugby league. It also worked with theatre producers to enable socially distanced pantomimes to take place – and hosted a one-off special show at the London Palladium in December to thank key workers and their families, an event that was attended by the Duke and Duchess of Cambridge.

In addition, it joined forces with three of ITV's biggest shows in a wide-ranging sponsorship deal that has put The National Lottery firmly at the heart of Saturday night entertainment.

All of the activity that we've been carrying out in partnership with the wider National Lottery family is delivering results – with The National Lottery's brand positivity scores consistently at their highest levels on record and driving even greater player participation. The National Lottery was also ranked in second place in the Improvers List in YouGov's Best Brand Rankings 2020, just missing out to Netflix on the top spot.



A photograph of a man and a woman in a park. The man, on the left, is laughing and popping a bottle of champagne, with liquid spraying out. The woman, on the right, is also laughing and holding up a large blue sign. The sign features lottery balls and the text: '£10,000 EVERY MONTH FOR 30 YEARS' and 'WINNER'.

life-changing

## OUR WINNERS

**The National Lottery creates over nine million winners a week across its range of draw-based and instant play games – and, on average, around 30 millionaires every month. Since its launch in 1994, it has awarded over £80 billion in prize money to players and created more than 6,100 millionaires or multi-millionaires who, between them, have shared an incredible £15.9 billion.**

### OUR PERFORMANCE IN 2020/21

The National Lottery continued to transform lives in 2020/21, with the equivalent of at least one new millionaire being made every day. In total, 846 players – including 389 new millionaires – won a prize of £50,000 or more and shared £900 million between them. In total, The National Lottery awarded a record £4,854.7 million in prize money over the course of the year, £349.7 million more than in 2019/20.

It was a year, of course, that was very different to any we've ever experienced before – a year that has posed numerous new challenges for all of us. In our case, we've had to adapt quickly and decisively across all areas of our business operations to enable us to continue running The National Lottery as safely and responsibly as we can, while continuing to meet our licence and integrity obligations.

One such area where we swiftly changed our working practices to successfully deal with the implications of Covid-19 was the payment of major prizes to winners during the series of national and regional lockdowns. At the start of the first lockdown in 2020, and with the agreement of the Gambling Commission, we moved quickly to modify our prize validation processes to ensure that we could continue to pay out all major prizes while adhering to the strict government restrictions that had been put in place.

With a focus on protecting National Lottery players and our employees at all times, our team of Winners' Advisors have worked tirelessly throughout the year to validate winning tickets as efficiently as possible while complying with social distancing rules, and have used the latest secure technology to complete all of the necessary paperwork. They have also made the most of video conferencing to enable them to continue to offer winners the same high level of emotional and financial support that they would have received were it not for Covid-19.

In a year dominated by the pandemic, it was perhaps fitting that key workers were among the people most likely to win a National Lottery jackpot. Drivers – bus, taxi and delivery – represented the largest group of winners, while people working in the administrative and secretarial sector were the next luckiest, just ahead of care, social and charity workers.



Anthony Canty, a key worker who won £1 million on EuroMillions in May, certainly deserved his win. As well as working throughout lockdown maintaining the water quality for hospitals and care homes in central London, Anthony gave CPR and saved the life of a fellow traveller – a policeman who collapsed after suffering a heart attack – on his early morning bus home after a night shift.

The biggest UK win of the 2020/21 financial year came in October when an anonymous ticket-holder won a massive EuroMillions jackpot of £79.3 million, propelling the winner into 15th place on The National Lottery Rich List of biggest-ever wins.

The year also saw another huge EuroMillions jackpot scooped in the UK – one of five EuroMillions jackpots won here in 2020/21 – when a single ticket-holder, who chose to remain anonymous, scooped £39.7 million on New Year's Day.

However, shortly after the end of the financial year, an anonymous UK ticket-holder won an enormous £122.5 million jackpot in the EuroMillions draw on Friday 2 April 2021, making it an Easter weekend to remember.

**"I always wake up early and was sat on the edge of my bed but couldn't work out what I was looking at. I couldn't make sense of it and really needed to talk to someone, so I called Mum and Dad. It was 6am so they assumed that I had locked myself out of the flat somehow as it has happened before!"**

Ryan Hoyle

As well as becoming the fifth biggest-ever winner in UK National Lottery history, according to The Sunday Times Rich List 2020, the ticket-holder immediately became the 976th richest person in the country, with a fortune greater than world heavyweight boxing champion Anthony Joshua (£107 million) or Spurs winger Gareth Bale (£114 million).

The biggest UK winner to go public with news of their win in 2020/21 was Ryan Hoyle, a self-employed joiner from Rochdale, who won a huge £58.3 million EuroMillions jackpot in April 2020. Ryan, who normally buys his tickets in-store but had been playing online during the first lockdown, discovered his life-changing win while checking his emails the morning after the draw. After initially thinking he had won £2.30, he saw that his second line had also matched some numbers – and this time the winning amount was eight digits long.



Clockwise from top left: Anthony Canty and Katie Sullivan; Ryan Hoyle

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



**"I was in total disbelief so I woke Michael up to check the ticket – he wasn't happy but we've been married 52 years so he soon got over it."**

Diane Bate

Rhyl grandmother Diane Bate was set to have a Christmas to remember after winning the £3.8 million jackpot in the Lotto draw on 12 December. Despite being a newly-made millionaire, family-orientated Diane planned to have as normal a Christmas as possible with her loved ones before deciding what to do with her new-found fortune. As well as holidays, new handbags and a bigger house in the local area, Diane planned to help out her family: "One of our granddaughters is getting married in the USA in January. We aren't able to attend due to Covid unfortunately, but the win means we can help out financially and help give her an amazing wedding."

Laura Hoyle's Cocker Spaniels, Teddy and Barney, have been travelling in fine style since she won the top prize of £10,000 every month for 30 years on Set For Life. After not realising that she had won the amazing prize until 13 days after the draw, Laura and her partner Kirk Stevens, from Hucknall near Nottingham, celebrated their good fortune with a bottle of Prosecco... and a shiny Porsche Cayenne! The couple are now looking forward to enjoying their hobbies, with keen carpenter Kirk looking to set up a workshop to make bespoke furniture in his spare time.

**"It is amazing to drive and even the dogs seem rather pleased with their new surroundings."**

Laura Hoyle



**"The agent at Camelot asked me if I was sitting down, which I thought was odd for a £100 win. I just couldn't believe it when they told me I had won the top prize. I just kept shouting 'no!' It really has come at the perfect time."**

Sandra Devine

Lockdown may have prevented Sandra Devine from celebrating her postman husband Martin's birthday at an Italian restaurant, but her decision to send him to the local shop in November to buy some necessities and a couple of National Lottery Scratchcards instead delivered the best birthday present ever after they won £300,000. At first, mum-of three Sandra, from Johnstone in Renfrewshire, thought they'd won £100, while Martin thought it was £1,000. When they called Camelot and learned they'd won a huge £300,000 on the Cashword Bonus game, they could hardly believe their luck.

**"After a tough few months, this really is great news. We're looking forward to celebrating at home with the family and plenty of champagne when we can!"**

Sue Davies



Clockwise from top left:  
Diane and Michael Bate; Sandra  
and Martin Devine; Sue Davies;  
Laura Hoyle and Kirk Stevens

Sue Davies and her husband Alan from Penlan in Swansea, who won the £500,000 Thunderball top prize in August, are looking forward to buying their dream bungalow after a challenging few months of shielding. After spending so much time at home, the couple realised that it was no longer suitable for them, with Sue finding the stairs more and more difficult because of her deteriorating health and dreaming of a bungalow throughout lockdown. Thanks to her line of lucky numbers, which mark the birthdays of family members, that dream can now come true.

## MEET SOME OF THE YEAR'S OTHER BIG WINNERS... (CONTINUED)



Kim Phillips



Gill



Shelley Samuels



Sally



Ali



barbara page



Jacqui



Karen



Lynne



Val

'The Lottery Ladies', a syndicate of 20 friends from Hertfordshire, ended the year in style in December with a £1 million Lotto win. The timing of the good news – on the same day Hertfordshire went into Tier 4 of Covid-19 restrictions – provided some much-needed sunshine at the end of a tough year, with some members having just cancelled their Christmas plans with family members. There were still plenty of smiles though as the syndicate's members worked out how to spend their share of the winnings – with helping out family members and home improvements topping the list for many.

**"Please make sure you are sitting down; we've won £1 million!"**

Syndicate leader Shelley Samuels

## MEET SOME OF THE YEAR'S OTHER BIG WINNERS... (CONTINUED)



**"I phoned the number for Camelot on the back of the card at about 7.30pm and ran through the details with a lovely lady on the end of the phone before she said the magic words... 'Congratulations, you've won a million pounds'."**

Shawn Keeley

In July, Shawn Keeley, a store manager from Dungiven in County Derry/Londonderry, celebrated becoming Northern Ireland's newest millionaire after scooping £1 million on the £50M Mega Cash Showdown Scratchcard. He bought the game as he was leaving work but didn't remember to scratch it until after he'd got ready to go to a socially distanced garden party with friends that evening. Shawn already has plans to help his family thanks to his good fortune – including a new driveway and garden shed for his mum. A Range Rover is also on his wish list, while a trip with friends to the USA is definitely in his future plans.

In February, Gareth Bradley had just pressed the final letter to be revealed in an online National Lottery Instant Win Game when his 16-week-old puppy Ruby "made it very clear she needed to spend a penny". When the supermarket store manager from Milton Keynes came back into the house, he discovered that the last letter he'd pressed was the top prize-winning one – and that he was now £500,000 richer.

While Gareth and his partner Connor Dennis have a few "frivolous plans" – including a Range Rover and a Rolex – they are determined to make the money work hard so that it's there for their families in the longer term.

**"It's been a crazy time all round, but I think winning £500,000 while your puppy spends a penny has to be the craziest of them all!"**

Gareth Bradley



**"I was resting, so FaceTimed my mother in Poland. I told her I thought I had won but I wasn't sure how much. She kept asking 'how many zeros, how many zeros?'"**

Marcin Jedrzejewski

Truck driver Marcin Jedrzejewski found out about his life-changing win while delivering essential supplies in June. Marcin, from Rugby, was taking a break at a service station and chatting to his mum in Poland when he found out that he'd won the £350,000 top prize on Lotto HotPicks. Marcin planned to put his win to good use by buying a house in his new home town of Rugby and having an overdue 40th birthday celebration, after being unable to celebrate with his family in Poland because of the pandemic.

True to form, champion ballroom dancer Theresa Picton-Clark – or Terri as she is known to family and friends – celebrated her £1 million Lotto win in January by waltzing around the living room with her husband John. The couple, from Lutterworth in Leicestershire, have already used some of their new-found fortune to buy laptops to make things a little easier for family members and friends having to home-school their children. Future plans include a trip of a lifetime to Antarctica and a possible skiing holiday with the grandchildren, while Terri also intends to buy a new dress and shoes to wear when it is safe to return to the dance floor.



**"John gave the shop assistant at the garage who sold him the ticket £100 and said to her, 'make sure you don't do anything sensible with the money'."**

Terri Picton-Clark

Clockwise from top left: Shawn Keeley; Marcin Jedrzejewski; Terri and John Picton-Clark; Gareth Bradley and Connor Dennis



**"I've kept every single thank you card – more than 300 in total – and they move me every time I look through them. The cards are a reminder of the power of The National Lottery and how it has changed not only our lives, but other people's too."**

Frances Connolly

## WINNERS GIVING BACK

As well as fulfilling their own dreams as a result of their new-found wealth, most National Lottery winners view their win as a unique opportunity to help those nearest to them, as well as causes close to their heart.

In December, almost two years on from their win, Frances Connolly revealed that she and her husband Patrick have given away around £60 million of their £114.9 million win. Frances' efforts to ensure others could share in their good fortune began just hours after the couple won the jackpot on 1 January 2019. She drew up a list of 50 friends and family members who they wanted to help out – a gesture that has grown into one of the most extraordinary giveaways ever.

Although Frances describes herself as 'unsentimental', taking pride of place in the couple's home is a scrapbook filled with thank you cards from hundreds of people that they have never met – ranging from teenagers to a grateful 85-year-old – whose lives they have changed for the better.

Keen to share their good fortune with others, Frances and Patrick have launched two charitable foundations in the areas closest to their hearts. The first, the Kathleen Graham Trust, is in Northern Ireland – Frances was raised in County Tyrone and Patrick grew up in Belfast. It was formed in memory of Frances' mother who died the year before their

win, and aims to support and enrich the lives of all sections of the communities in Strabane and Belfast.

The second foundation, the PFC Trust, is in Hartlepool, where Frances has lived most of her adult life, and aims to improve the lives and life chances of the people of Hartlepool by celebrating all of the good in the town and helping those who need it. "We formed The PFC Trust to help local people, but we were determined from the start that we wouldn't be throwing money away," explains Frances. "We wanted to help people to help themselves and for lives to actually change."

The pandemic gave the couple further opportunities to help out. Wanting to support people who found themselves isolated and cut off from their loved ones, the couple sponsored The Teesside Philanthropic Society which was purchasing electronic tablets – then bought another 100 for Hartlepool and 100 for Northern Ireland to be given out to care home residents, Macmillan nurses, young carers and women's refuges.

The festive season also presented another opportunity to help others. The couple bought 1,000 gifts for patients who would be spending Christmas Day in hospital, as well as computers, laptops and internet dongles for young carers living in poverty who would otherwise have faced a bleak Christmas.



One of the most precious gifts they gave in 2020 – and the one of which Frances is most proud – was helping a young refugee boy, after learning that the 13-year-old was struggling to get to school because his family had been re-homed and his mother couldn't afford his bus fare. Frances immediately offered to cover the cost of transport for the rest of his time at school. She said: "The security of his friends and the familiar school where he is thriving is perhaps the best gift anyone could give this Christmas."

But the Connollys haven't been the only National Lottery winners giving something back to their local communities over the course of the year.

Lotto millionaire and farmer Susan Herdman, who won a £1.1 million jackpot in 2010, supported her local community during the pandemic by launching a local potato delivery service at the start of the first lockdown. Like many people, Susan was shocked at how food shops were left with empty shelves because of panic buying but realised that, as a farmer, she could be in a position to help.

With a bumper crop following recent wet weather, she realised that she had so many potatoes that she didn't need.

After posting an announcement on Facebook asking if others wanted them, she was quickly inundated with messages. For those who couldn't leave their homes for health reasons, she made up bags and delivered them. But the requests from people desperate for help just kept coming, leading her to load up a trailer and put a big sack in the village for people to respectfully take what they needed.

**"We could sell them but why not give them away?" she explained. "In a world where everyone is grabbing and snatching, why not give?"**

Susan Herdman

## WINNERS GIVING BACK (CONTINUED)

Trainee nurse Lorraine Knott was having a particularly bad day when a National Lottery winner came to her rescue. Back in April 2020, and just before starting her 12-hour shift in the coronavirus pod at the Royal Bournemouth Hospital, Lorraine discovered her car had a flat tyre. Things went from bad to worse when, on her way home after her shift, the car broke down completely.

And that's where Jamie Heavens stepped in. He won £1 million on a National Lottery Scratchcard in 2016 and now runs his own car breakdown service. Wanting to do his bit to help others where he could, Jamie, himself a key worker due to the essential service that he provides, was offering free breakdown recovery to any NHS staff in his area. "It was great to be able to help Lorraine, and there is never a good time to break down but, after a 12-hour shift at a hospital right now, I can imagine it's particularly difficult!" Jamie said.

Despite winning £2.7 million on Lotto with her husband Derek back in 1995, Elaine Thompson has been busy stacking shelves on the night shift to help others. Elaine has been working in the food hall of a retailer for eight years and says that working nights hasn't stopped her enjoying her job, as she loves meeting people and working with others, and has made some great friends.

With a shift that starts at 2.00am, even the antisocial hours don't get her down. Elaine said: "My two children never slept so I've got used to having very little sleep. If I'm awake, I may as well go out and work." She did, however, admit that lockdown had been strange: "I never thought that I would see queues outside of a shop."

National Lottery winner, Deana Sampson, came up with an innovative way of ensuring she got her daily exercise and maintained a true sense of purpose during lockdown – training disability assistance dogs with the charity, Support Dogs. Deana, who scooped a £5.4 million Lotto jackpot in 1996, has always loved dogs and the charity is very close to her heart, after losing her severely disabled brother, Glyn, when he was just 40 years old, following an epileptic fit.



**"As soon as I saw her NHS badge, I told her that the job was for free – her face just lit up!"**

Jamie Heavens



Support Dogs really resonated with her as it supports and helps people with a variety of conditions, including epilepsy, by giving them a totally new lease of life and enabling them to do things they wouldn't previously have been able to do.

Just weeks before the country went into the first lockdown to curb the spread of Covid-19, Deana took on her first assistance dog to train – five-month-old Regis, a golden Labrador. "I had a whole host of training lined up for my new puppy – going out in public to busy places, restaurants and parks – but, after lockdown was enforced, I quickly had to adapt and focus all of the training with Regis to my kitchen and back garden!"



When Regis completes his training with Deana later in 2021, he will progress to full-time day school where his skills will be assessed. At that point, it will be decided who he will best be able to support, whether this is someone with epilepsy, a child with autism or somebody with other disabilities.

In May 2020, a group of National Lottery winners put their carpentry skills to good use during lockdown by making garden boxes, filling them with plants, herbs, flowers and shrubs, and distributing them to key workers and schools.

The initiative began when members of a winning National Lottery syndicate from West Suffolk College, who won £1 million on EuroMillions in 2016, decided to brighten the day for some of Ipswich's key workers and children. Using any materials available, Martin Cribb and Robert Ely set to work building garden boxes and filling them with a selection of plants.

## WINNERS GIVING BACK (CONTINUED)



One lucky recipient was the Jack n Jill Pre-school in Ipswich, which was providing a safe and supportive environment for the young children of local key workers. Nursery manager Michelle said: "It's such a lovely project for our children to be involved in and we are delighted to have received these planters. Not only will it keep little minds and hands busy, but the finished planters will bring some brightness and cheer for our key workers as they collect and drop off their children."

The garden box movement soon expanded, with National Lottery winners from across the country joining in and creating boxes for their local community. Self-employed carpenter Daniel Peart and his wife Charlotte from Peterborough, who won £1 million on EuroMillions in 2018, were happy to get involved, building planters for the children of key workers at Alderman Jacobs Primary School in Whittlesey and local police officers.

Meanwhile, Rotherham winners, Trish Emson and Graham Norton, were also busy doing the same. Trish, who won a £1.7 million Lotto jackpot in 2003, and Graham handed their first planter boxes to James Montgomery Academy Trust hub at Wath Central Primary School.

**"I really wanted to put my time to good use during lockdown and do something for the children of key workers. I have loved making the planter boxes and they certainly brought smiles to faces when I handed these over."**

Trish Emson



Charities, including a baby hospice in Middlesbrough and a nature reserve in Suffolk, received a sprinkling of Christmas magic thanks to a group of National Lottery winners who used November's lockdown to knit more than 1,000 festive fairies and angels.

The team of 52 National Lottery winners usually meet up at Christmas to help support a range of charities. This year, the group decided to form a knitting production line that saw them working from their homes, and sharing tips and ideas via Facebook and Zoom.

Aldershot mum-of-four Debbie Goolding, above, who won £1 million on The National Lottery's £50M Mega Cash Showdown Scratchcard in July 2020, hoped the knitted angels and fairies would bring "a little moment of magic" to those who received them. She said: "It's our way of making good use of the time during lockdown so we can now hopefully bring a little seasonal joy."

## WINNERS GIVING BACK (CONTINUED)



**"I find great happiness in making the cribs, and giving them away to family and friends. During lockdown, it has kept me busy and given me something really positive to focus on."**

Dennis Banfield

In December, Dennis Banfield, the UK's oldest Lotto jackpot winner, put his woodworking skills to good use during lockdown to make a Christmas crib for his local church. Dennis, who had recently celebrated his 90th birthday, is a passionate craftsman who has made 50 nativity cribs, including one for his local church in Winterbourne, near Bristol.

When he heard that his original crib was too small to house a new set of nativity figures donated by a parishioner, Dennis – who, along with his wife Shirley and two daughters, won £18 million on Lotto in 2018 – sprang into action. He set about building his biggest crib to date: a structure that is 1.9 metres long, 1 metre high and 1 metre deep. Ladders, a hayloft and stables were constructed from bits of spare wood from his shed, with the retired electrician even installing a lighting system.

## WINNERS GIVING BACK (CONTINUED)



Carers and hospice workers at two Age Concern Dementia Day Support Centres in Lancashire and at Cardiff's City Hospice, which cares for terminally ill patients in their own homes, received some early Christmas cheer when they took delivery of luxury gift hampers packed by National Lottery winners.

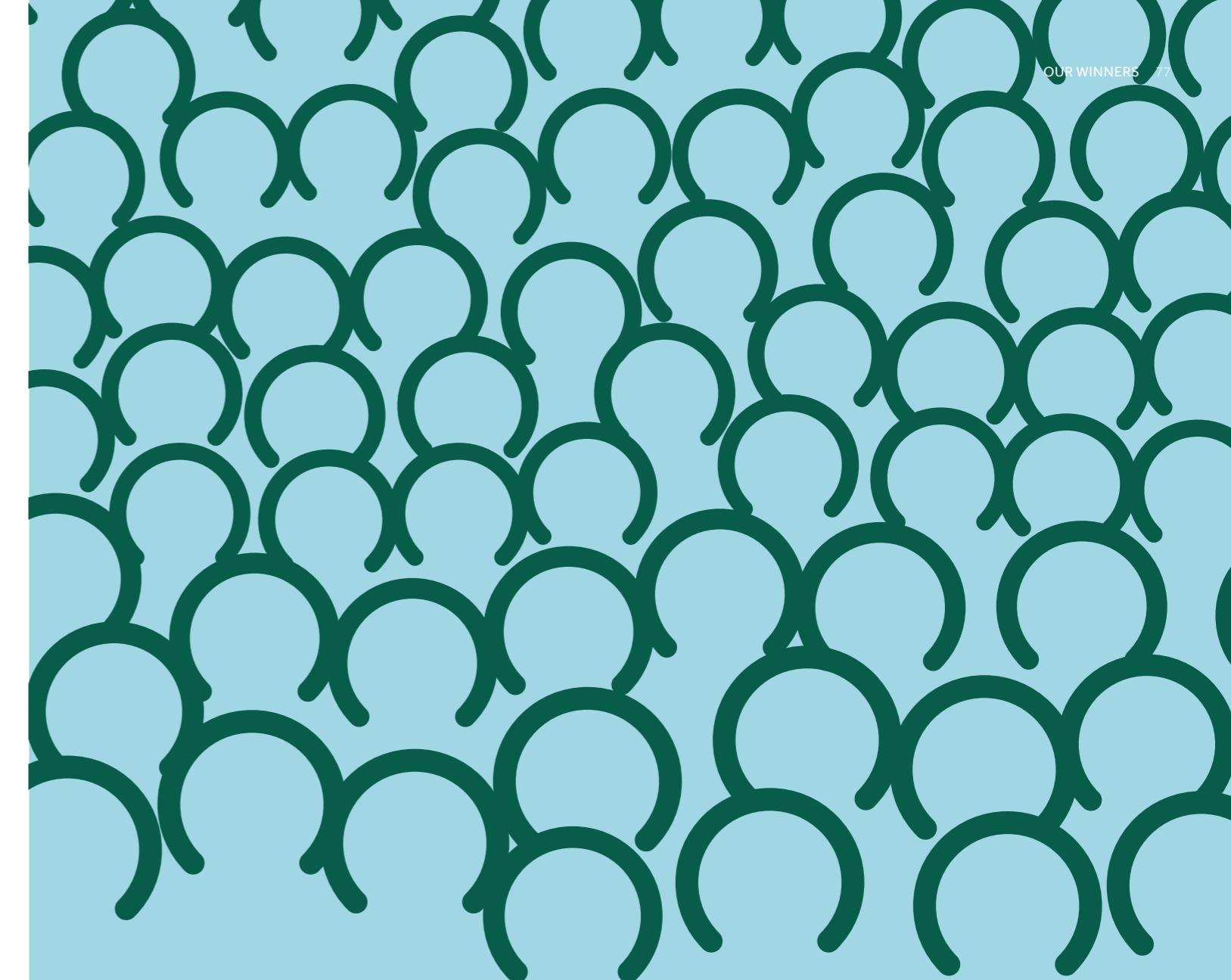
Working in their homes due to lockdown restrictions and sharing gift ideas via a WhatsApp group, the winners – from North West England and Wales – were determined to deliver a heartfelt thanks to those who had worked tirelessly during the pandemic.

Natalie Cunliffe from Blackpool, who won £1 million on a National Lottery Scratchcard in 2016, was one of the team of winners from North West England who packed the hampers at home. "The efforts these carers go to so selflessly, and the sacrifices they make every day, to care and love, is incredible," she said. "I was absolutely thrilled to be involved in such a heart-warming project to say thank you and show our appreciation for all they do."

The team of hamper packers in Wales included Julie Amphlett, a member of 'The Catering Girls' syndicate that scooped a £25.4 million EuroMillions jackpot in 2017.

**"Having worked in a hospital for many years, I have seen first-hand the pressure that carers and healthcare staff are under, day in, day out, and that is before you factor in the additional stress of a global pandemic. To be able to do something to say thank you to the team at City Hospice who have done their absolute best in the most difficult of circumstances is a privilege."**

Julie Amphlett



# 6,100

THE NUMBER OF NATIONAL LOTTERY MILLIONAIRES OR MULTI-MILLIONAIRES WE'VE NOW CREATED.

CAMELOT

# Wining together

Taslima Ahmad, Founder of Creative Design & Manufacture UK, winner of the 'Heritage Award' at the 2020 National Lottery Awards.

# NATIONAL LOTTERY GOOD CAUSES

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

From repairing Scout huts, supporting the most vulnerable in society and breathing fresh life into local communities across the UK to preserving the nation's heritage, protecting the environment and helping to make inspirational Olympic and Paralympic champions, amazing people are doing extraordinary things with National Lottery funding week in, week out.

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

With the equivalent of around 225 lottery grants in every postcode district, almost everyone in the UK has benefited from a National Lottery-funded project. To date, National Lottery players have raised over £43 billion for Good Causes – money that has funded more than 635,000 projects in total across the arts, sport, heritage, health, education, environment and community/charity sectors.

# 635,000

More than 635,000 National Lottery-funded projects to date

## HOW MONEY FOR GOOD CAUSES IS ALLOCATED

Although we are responsible for generating returns for Good Causes by selling National Lottery tickets, we play no role in the allocation of funding. This is the specific responsibility of 12 National Lottery distribution bodies, each with specialist knowledge of their sectors.

These bodies are chosen by Parliament for their knowledge and expertise to help ensure the money goes exactly where it's needed:



### Arts

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

### Community

The National Lottery Community Fund

### Heritage

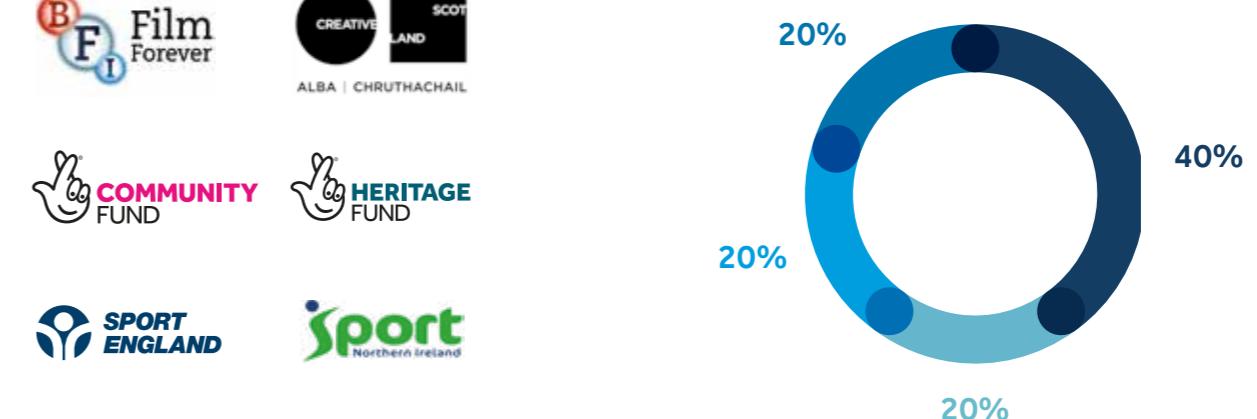
The National Lottery Heritage Fund

### Sport

Sport England  
Sport Northern Ireland  
sportscotland  
Sport Wales  
UK Sport

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

In the year to 31 March 2021, the money we delivered for Good Causes was allocated as shown:



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

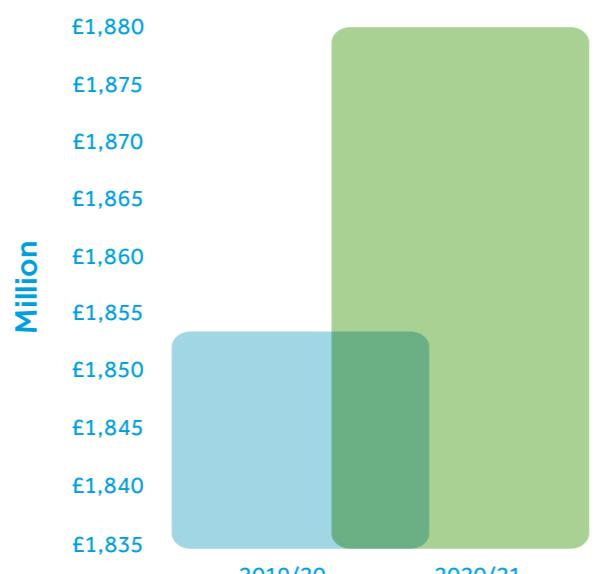
For further information about projects awarded National Lottery funding or to apply for funding, please visit [national-lottery.co.uk/life-changing](https://national-lottery.co.uk/life-changing) or [lotterygoodcauses.org.uk/funding](https://lotterygoodcauses.org.uk/funding)

## OUR PERFORMANCE IN 2020/21

Our record sales performance in 2020/21 saw us generate £1,887.5 million for Good Causes over the period – an increase of £34.4 million on the previous year. This takes the total that The National Lottery has raised to date for Good Causes to over £43 billion – 60% more than the most optimistic government forecast at the time of The National Lottery's launch.

Under our operation, The National Lottery is now generating over £36 million, on average, every week for Good Causes across the UK – the equivalent of £60 being raised every single second. Combined with the amount it also delivers for the government through Lottery Duty – money that helps to fund public expenditure throughout the UK – The National Lottery is currently raising more than £59 million a week for UK society.

Including Lottery Duty and the commission earned by our retail partners, The National Lottery is continuing to return 95% of all sales revenue to winners and society – one of the highest percentages of lottery revenue given back in the world.



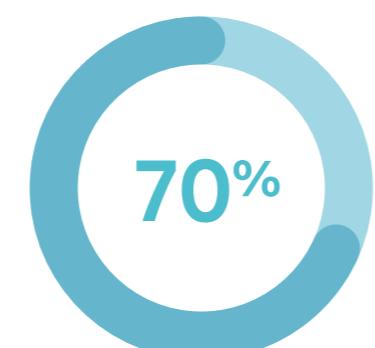
**Annual returns generated for Good Causes have increased by £34.4 million**

As well as helping to fund truly world-class arts, sports and heritage projects of which the UK can be proud, The National Lottery is continuing to make a massive difference at a local level. With around 70% of all funding grants being for £10,000 or less, The National Lottery is providing a real lifeline to small, grassroots community projects at a time when other sources of funding have been, or face being, cut.

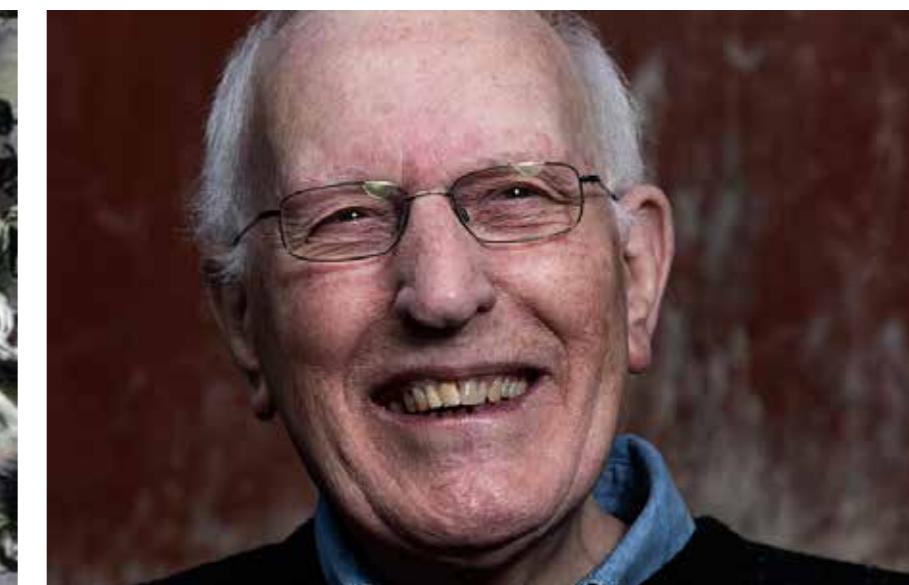
And, given the unprecedented challenges and sheer scale of the Covid-19 pandemic over the course of the last year, National Lottery funding – especially to support people and communities at a local level – has never been more important than it is now.



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



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



Clockwise from top left: Newport Transporter Bridge, which received £8.75 million in National Lottery funding, is set to become a major tourist attraction, providing both jobs and an economic boost for the area; Loughborough Bellfoundry was at serious risk of being permanently lost without urgent repairs, but its future has now been secured thanks to a National Lottery grant of £3.45 million; in February 2021, exactly 60 years since National Service ended in the UK, 18 former servicemen – including Kenneth Grain, pictured now and then – were the focus of National Lottery-funded heritage project 'National Service Remembered'; Stewart Parsons, the founder of National Lottery-funded organisation Get it Loud in Libraries, which brings live music to smaller towns and communities by staging gigs in libraries.



## THE NATIONAL LOTTERY: LEADING THE UK'S RESPONSE TO THE PANDEMIC

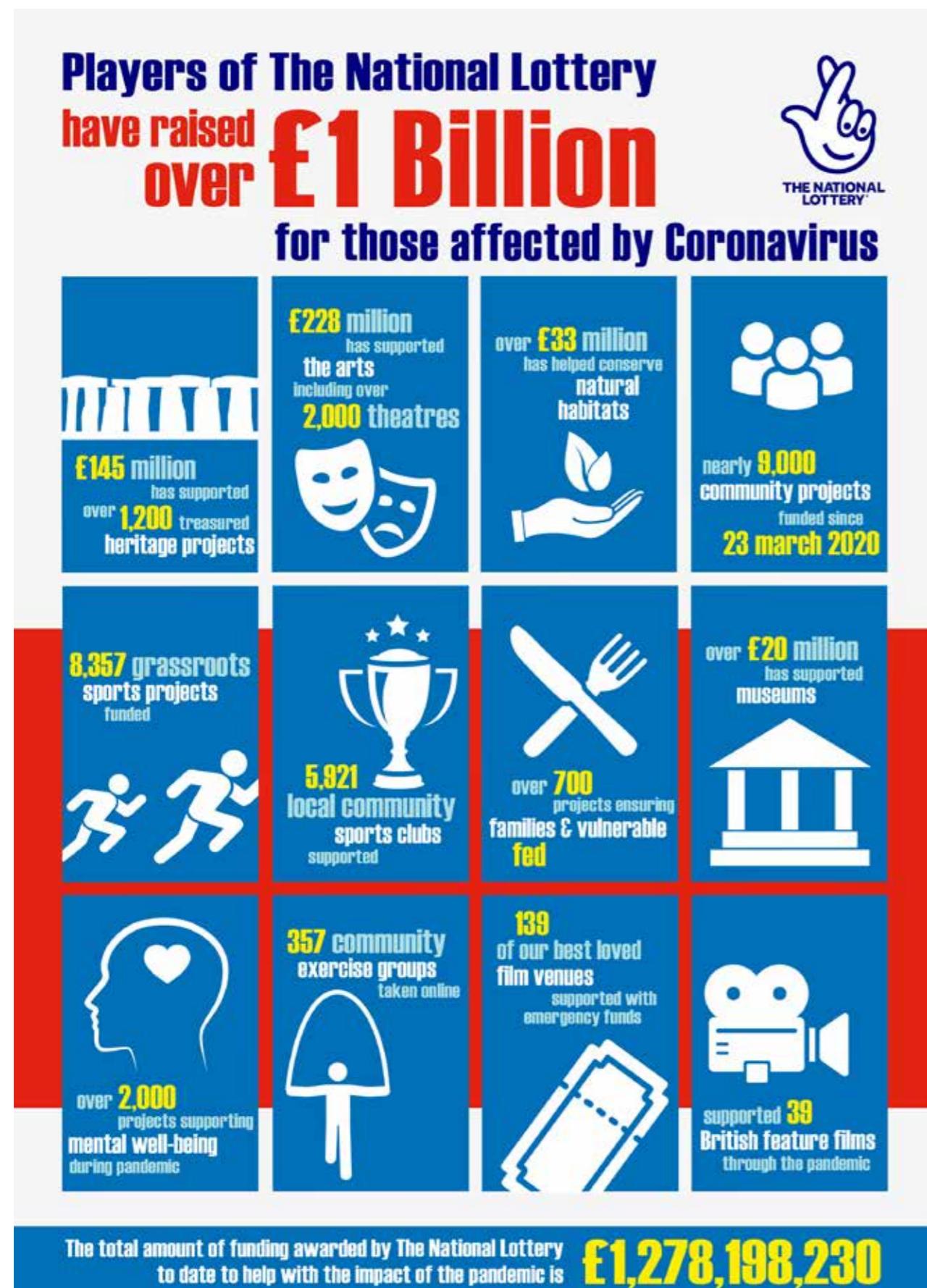
Our success in growing returns to Good Causes over the year and raising more than £59 million every week for society comes at a time when the UK has needed this vital funding more than ever. And it has seen The National Lottery play – and continue to play – a leading role in helping the country respond to, and rebuild from, the enormous impact of the pandemic.

Through its distribution bodies, The National Lottery is making the biggest financial contribution to the UK-wide response to the crisis outside of government. Thanks to National Lottery players, over £1.2 billion in vital funding has now been distributed to charities and organisations to help those most in need, including more than £600 million in funding from The National Lottery Community Fund to help groups best placed to support people and communities through the crisis.

This huge package of support has boosted the arts, community, heritage and sports sectors, and has helped to protect the future of thousands of organisations across the UK. Among other things, the money awarded has gone towards thousands of initiatives and programmes that tackle loneliness and isolation, provide support for the elderly and vulnerable young people, and promote physical and mental health in the community.

It has also enabled the people and organisations that make up the UK's vibrant arts sector to bring creativity, enjoyment and enrichment to people in new ways over the last 12 months, and allowed key project workers and volunteers to safeguard the country's valued heritage sites to ensure they are not lost to the public. And it has seen thousands of grassroots sports workers and volunteers from local clubs and organisations across the UK continue to help the nation to remain active, happy and motivated during the pandemic.

Tony Gibbons, Founder of The Friendly Food Club, winner of the 'Education Award' at the 2020 National Lottery Awards.



## THE NATIONAL LOTTERY: LEADING THE UK'S RESPONSE TO THE PANDEMIC (CONTINUED)



In March 2021, the National Lottery Promotions Unit launched 'Thanks a Billion', a media campaign highlighting the hugely positive role that National Lottery funding has had – and continues to have – in tackling the impact of Covid-19 on thousands of local communities across the UK. The successful campaign – which has so far generated more than 1,100 media articles, with a reach of over 31 million – shared the stories of just some of the countless projects which, thanks to National Lottery investment, have been able to survive and support thousands of people in innovative ways during these difficult times.

One such project to have benefited from a share of the £1.2 billion awarded to date is Scottish Youth Theatre, Scotland's national youth theatre, which provides training to young, creative talent across the country. The Glasgow-based company received a National Lottery grant from Creative Scotland of almost £50,000 and has used the much-needed funding to expand its digital presence across the whole of Scotland.

With many young people needing somewhere to turn to more than ever during lockdown, Scottish Youth Theatre has provided a crucial outlet of creative support for them. The funding has enabled the organisation to run its first-ever digital festival, 'Making Space', with Chief Executive Jacky Hardacre grateful to National Lottery players for enhancing the company's reach and handing young people a vital lifeline:

"National Lottery players' contribution really makes a difference. The theatre industry has been hit really hard, and we're working with young people who want to follow a creative career. What I hope we've continued to do is give them some optimism and a pathway into the industry so they can shape it in future. And how good is that? National Lottery funding, through our Creative Scotland grant, has certainly been a big part of [what we've done]. It's funded a programme of activity for six months of the financial year."

Another project in Scotland to benefit from a much-needed injection of cash is Scran Academy, in Edinburgh, which has used its funding from The National Lottery Community Fund to deliver free hot meals to vulnerable people right across the city. Working with local partners to cover any gaps in service, the catering social enterprise significantly intensified its Edinburgh-wide meal production service when lockdown first struck and distributed 150,000 meals to over 3,500 people.

Working day and night to ease the challenges posed by lockdown for thousands of people, Scran Academy's work has prevented homeless people and families from going hungry. And Founder and Chairman, John Loughton, knows it wouldn't have been possible without The National Lottery.

**"The funding that came from The National Lottery was really critical in helping us build our city-wide Covid response network. The funding helped us get equipped and set up our community meals programme. We got a pretty rapid grant – and, because it came out so rapidly and we're a small organisation steeped in our community, we became an anchor organisation really quickly. The National Lottery helped us respond to the pandemic."**

John Loughton, Founder and Chairman of Scran Academy

## THE NATIONAL LOTTERY: LEADING THE UK'S RESPONSE TO THE PANDEMIC (CONTINUED)



In Wales, The National Lottery grant awarded by Sport Wales to the North Wales Crusaders Wheelchair Rugby League & Disability Sports Club enabled the club to find new wheelchair storage space after its Deeside base was turned into a hospital. North Wales Crusaders' revenue streams dried up overnight when lockdown struck but, thanks to National Lottery support, not only were its additional storage costs met, but it could afford crucial personal protective equipment to enable members to carry on training and playing.

The club provides a vital sporting outlet for disabled people across North Wales and Stephen Jones, Head Coach and Trustee, believes that National Lottery players have been crucial to its survival: "We're not the only club who have suffered through Covid but, because of The National Lottery, at least there is a light at the end of the tunnel with funding for us. Without the initial funding we got, we would have seriously struggled to be able to afford to store our equipment. We may have even been in a position where we would have had to sell some of it."



Elsewhere in Wales, Insole Court, a Victorian Gothic mansion in Cardiff, also received vital funding from The National Lottery. The 165-year-old building, which represents a key cultural lifeline for people in Cardiff, used a grant from The National Lottery Heritage Fund to open a second-hand bookshop and install picnic benches outside.

**"We absolutely couldn't do it without the support of The National Lottery and its players. We want to invite them – come and discover Insole Court. We want them to come and see what their contributions through The National Lottery mean, and the impact that has on the people of Cardiff and beyond."**

Gray Hill, Director of Insole Court

## THE NATIONAL LOTTERY: LEADING THE UK'S RESPONSE TO THE PANDEMIC (CONTINUED)

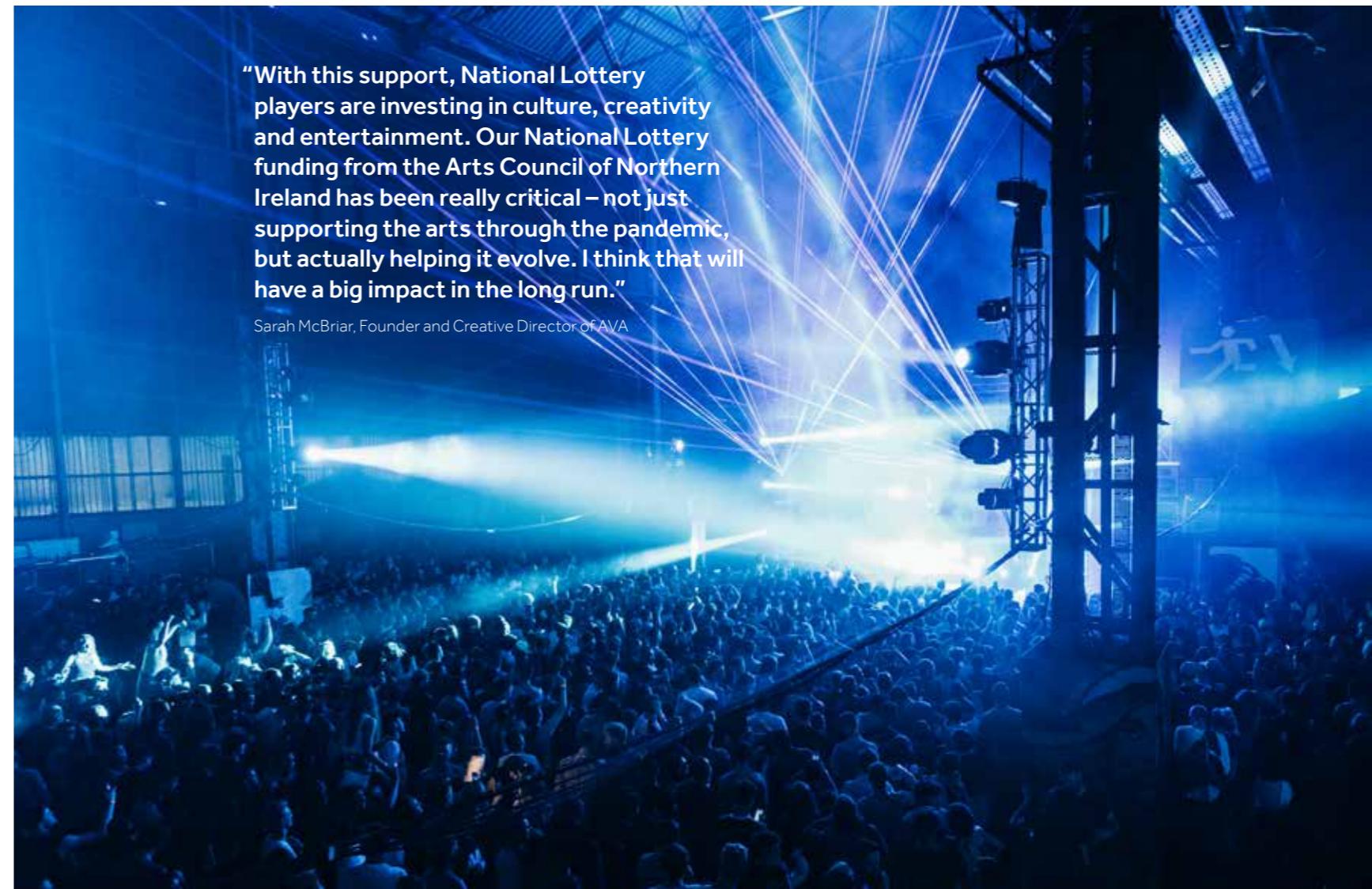
In Northern Ireland, Newry-based Head Injury Support, a charity support group which works with adults affected by brain injuries that prevent them from returning to employment, was another project to benefit from significant National Lottery funding. The group was awarded £447,984 from The National Lottery Community Fund, enabling it to run the 'My Day, My Way' project that will allow it to engage with an increased number of Acquired Brain Injury (ABI) survivors over the next four years.

The charity has distributed a range of engagement packs and run three Zoom sessions every week during lockdown and Paul Murphy, a two-time head injury survivor supported by Head Injury Support, knows it wouldn't have been possible without National Lottery players: "I'm always thankful. Thanks very much to National Lottery players for what they do. None of this would happen without funding. We are very grateful, and the money from The National Lottery is creating an atmosphere of community."

Belfast music festival AVA – Audio, Visual, Arts – also benefited from an emergency National Lottery grant, receiving £7,200 in funding from the Arts Council of Northern Ireland. The electronic music bonanza had to be cancelled this year but, thanks to the support of National Lottery players, it organised a large-scale, live-streamed event that attracted a total online audience of more than 300,000 people.

The virtual alternative gave many young people some critical lockdown respite and Sarah McBriar, Founder and Creative Director, hailed National Lottery players for keeping the arts alive.

In England, one of the projects boosted by National Lottery funding is Leicester-based Community Interest Company HQ Can, which received a recovery grant of £189,150 from The National Lottery Community Fund. HQ Can works with unemployed and disadvantaged adults looking to gain employment in the creative sector, and provides them with industry-related employability skills, experience and confidence.



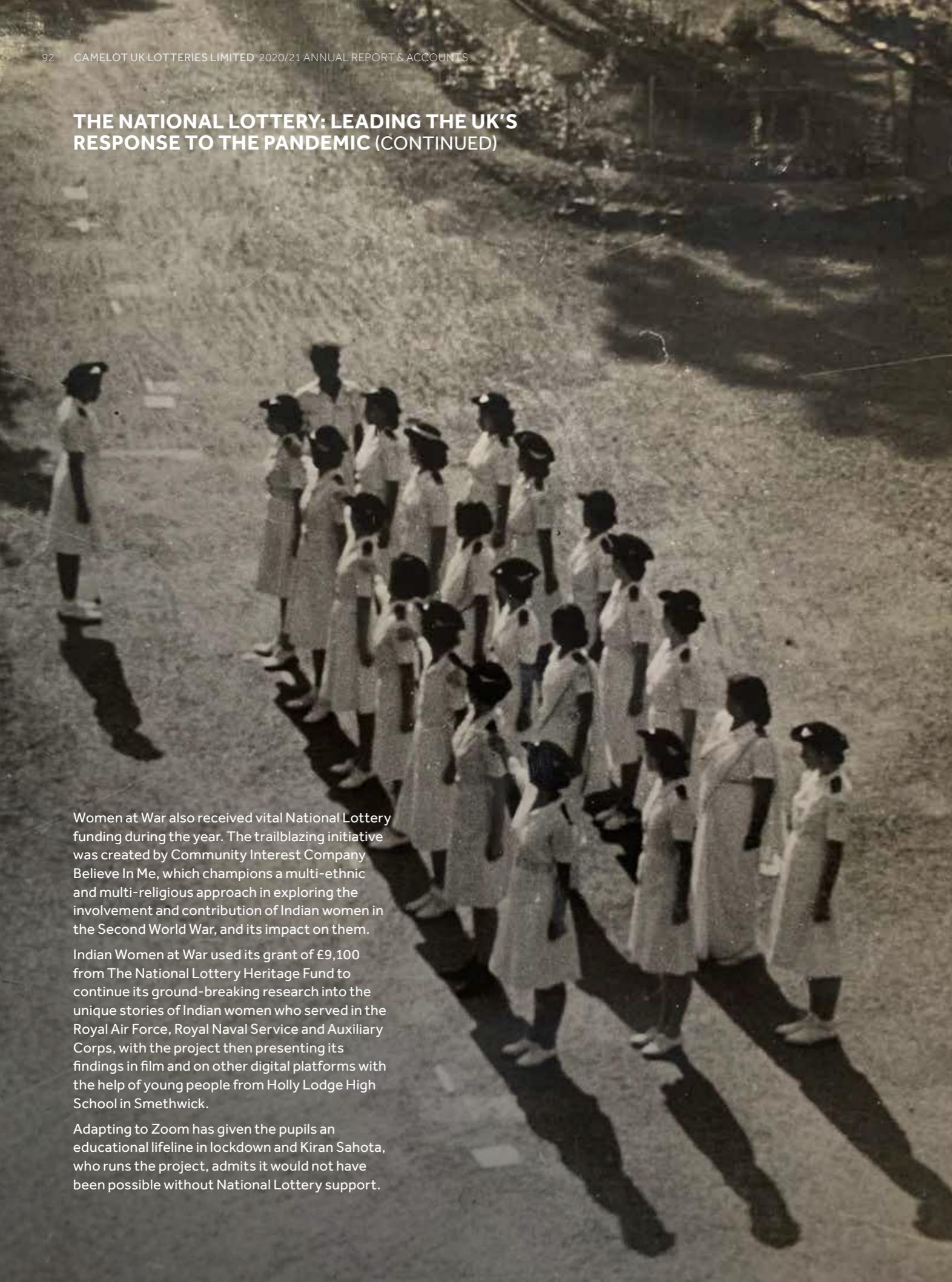
**"With this support, National Lottery players are investing in culture, creativity and entertainment. Our National Lottery funding from the Arts Council of Northern Ireland has been really critical – not just supporting the arts through the pandemic, but actually helping it evolve. I think that will have a big impact in the long run."**

Sarah McBriar, Founder and Creative Director of AVA



National Lottery funding has enabled the organisation to further enhance the skills of creative talent in the East Midlands, with Founder and CEO Yasin El Ashrafi saying that the support has made all the difference: "I'd just say thank you to National Lottery players. Without The National Lottery, there would be so many projects like mine that just wouldn't be able to continue. Without The National Lottery, we potentially would have ended up closing down. It has been literally a complete lifeline for me and the young people we support."

## THE NATIONAL LOTTERY: LEADING THE UK'S RESPONSE TO THE PANDEMIC (CONTINUED)



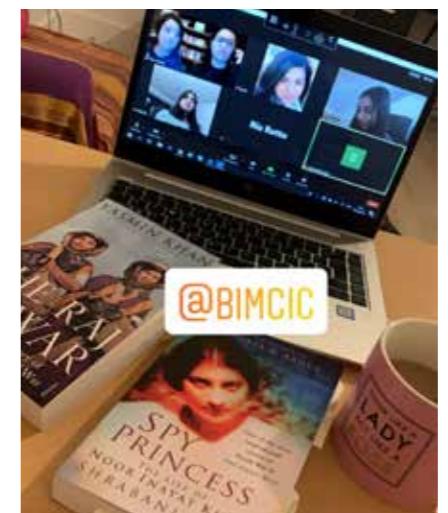
Women at War also received vital National Lottery funding during the year. The trailblazing initiative was created by Community Interest Company Believe In Me, which champions a multi-ethnic and multi-religious approach in exploring the involvement and contribution of Indian women in the Second World War, and its impact on them.

Indian Women at War used its grant of £9,100 from The National Lottery Heritage Fund to continue its ground-breaking research into the unique stories of Indian women who served in the Royal Air Force, Royal Naval Service and Auxiliary Corps, with the project then presenting its findings in film and on other digital platforms with the help of young people from Holly Lodge High School in Smethwick.

Adapting to Zoom has given the pupils an educational lifeline in lockdown and Kiran Sahota, who runs the project, admits it would not have been possible without National Lottery support.

**"Thank you to National Lottery players – we're forever grateful. This is a one-of-a-kind project – it's never been funded before. The £9,100 we were granted has honestly been a godsend. We've been able to do online classes and move our research to Zoom. You've just given us life – that's what I say, and I'm always grateful. I honestly just can't wait for the future now – we're just growing and growing."**

Kiran Sahota, Director of Community Interest Company Believe in Me



## THE 2020 NATIONAL LOTTERY AWARDS



The National Lottery Awards celebrate the ordinary people who do extraordinary things with the help of National Lottery funding.

The Awards encompass all seven areas of National Lottery funding, with an additional special 'Young Hero Award' presented to someone under the age of 18 who has gone that extra mile in their organisation. Winners receive a £3,000 cash prize for their project and a coveted National Lottery Awards trophy.

This year, and for the first time, the annual search for the UK's most popular National Lottery-funded projects honoured those outstanding individuals – the 'lockdown legends' – who have made an extraordinary impact in their community, especially those who have adapted during the ongoing pandemic.

And with a record-breaking number of projects from across the whole of the UK nominated for the Awards, it was clear that the events of the last extraordinary year have inspired more people than ever to find a way to help.

As it wasn't possible to hold a glittering awards ceremony this year to pay tribute to the winning National Lottery-funded projects and the amazing people involved in running them, the winners of the 2020 National Lottery Awards were congratulated on their achievements by a celebrity with a special interest in their work.

### HEALTH AWARD

Leanne Pero

Leanne was just 30 in 2016 when she was diagnosed with stage three breast cancer and underwent chemotherapy, as well as a bilateral mastectomy. During her treatment, she organised a series of informal coffee mornings to support other BAME women with the disease. These evolved into the Black Women Rising Cancer Support Group to raise awareness of the disease among a demographic disproportionately affected by cancer.

After being given the all clear in the summer of 2017, Leanne created *Black Women Rising – The Untold Stories*, an acclaimed photographic exhibition featuring portraits of 14 women bearing their cancer treatment scars. And, in 2019, she set up The Leanne Pero Foundation to address the lack of education about the disease among the black community, and to provide specialist support and services for black cancer patients.

Leanne was thrilled to receive her award from Olympic gold medallist and sports presenter Denise Lewis, who lost her own grandmother to cancer in 2005: "Winning the award means everything – it's been such an amazing morale booster. And having it presented by Denise Lewis, a childhood hero of mine, was absolutely brilliant."



2020  
NATIONAL  
LOTTERY  
AWARDS

## ENVIRONMENT AWARD

### Dom's Food Mission

Dom and Alexandria Warren set up Dom's Food Mission in 2015 to tackle food poverty and reduce food waste in Hastings after seeing children at the school drop-off who looked like they were struggling and may not have had breakfast that morning. Wanting to do their bit, the couple started a Facebook group asking for unwanted food so that they could boost stocks at the local food bank – and, in the very first week, collected enough to feed 160 people.

Fast-forward five years, and with the support of local businesses, Dom's Food Mission was feeding 4,000 people a month. However, when lockdown hit, Dom took the project to the next level, delivering 8,000 food parcels a week to families in Hastings and preventing 35,000 tonnes of food going to landfill every month. Along with the Mission, Dom runs National Lottery-funded project A Helping Hand, a scheme that takes surplus food to schools where it is used to teach valuable life skills, such as cooking, to 1,000 children a month.

Receiving the award from *This Morning*'s resident doctor and NHS paediatric consultant Dr Ranj Singh, Dom said: "The award is a massive thing for us. In the grand scheme of things we're a small charity, but we pack a hell of a punch. [The award] shows that people do care and we're on the right track."



## COMMUNITY AWARD

### Baby Loss Retreat

After the loss of her daughter Erin who was still born at 37 weeks, Julie Morrison and her husband Bryan set up the Baby Loss Retreat charity to help families trying to cope with the death of a child. As well as offering counselling and support, the charity provides free weekends away to bereaved parents at three different locations in Scotland – with each of the retreats providing a peaceful hideaway for them to talk about and process their loss.

When lockdown restrictions came into place in March 2020, Julie organised counsellors to provide online and telephone support to families in need. With grieving families more isolated than ever, and women often having to go for bad news scans and spend time in hospital alone, Julie continued to receive new enquiries throughout, even helping one family to arrange a funeral.

Speaking about her award, which was presented to her by TV presenter Jean Johansson, Julie said: "It is really special to have won the Charity and Community category in the 2020 National Lottery Awards. We set up the Baby Loss Retreat as we wanted to offer something to people who have suffered like us as a family, as they continue to deal with the loss that never leaves them."



## HERITAGE AWARD

### Creative Design & Manufacture UK

Taslina Ahmad is passionate about keeping traditional British and South Asian textile techniques alive. In 2013, she set up Creative Design & Manufacture UK in central Manchester to create a therapeutic and educational environment where people experiencing difficult circumstances could feel safe to share while learning new skills. As well as holding workshops to coach marginalised women in traditional textile techniques, Taslina visits schools and has delivered textile classes to more than 2,000 children.

Unable to run the workshops in person during the pandemic, she delivered 20 sewing machines, bought using emergency National Lottery funding, to her students, and took her sessions online.

to help vulnerable and disadvantaged BAME women to cope with its impact. With many of the women and children having no access to outdoor spaces, the machines provided a creative and vital distraction. They also enabled the students to earn some much-needed income, as well as make face masks and scrubs which were donated to hospital staff and patients.

On being presented with her award by fashion designer and judge on *The Great British Sewing Bee* Patrick Grant, Taslina said: "I'm just blown away by the award. It's important that the women who come and learn new skills feel proud of the incredible work they have produced. I'm so pleased to be able to shine a light on them."

## SPORT AWARD

### Tiger Bay Amateur Boxing Club

Doorman and mixed martial arts fighter Wasem Said opened Tiger Bay Amateur Boxing Club in 2018 as a tribute to his former mentor, champion boxer Pat Thomas. The club is based at the Yemeni Community Centre in Butetown in Cardiff and is attached to the local mosque, with Muslim members able to take the call for prayer while training. Alongside boxing, Wasem and the coaches at the club work to combat antisocial behaviour and prevent intolerance by creating a cohesive community of all religions, races and nationalities.

Wasem has personal experience of the problems young people face. After losing his dad at 15, he became involved with gangs, and saw violence and drugs first hand on the streets. Starting mixed martial arts training helped him turn his life around and inspired him to help others. The club now has more than 150 young members and, during lockdown, it was delivering 120 food parcels a week to vulnerable, shielding families.



Wasem was thrilled to receive the award, as well as a congratulatory message from former heavyweight and cruiserweight world boxing champion David Haye: "When the boys at the boxing club saw the award and the message from David, it gave them hope and positivity. It's an amazing honour, and it all helps to encourage them and build their confidence."



2020  
NATIONAL  
LOTTERY  
AWARDS



## ARTS/CULTURE/FILM AWARD

### Matchbox Cineclub

Matchbox Cineclub has been providing film screenings, residencies and pop-up cinema events across Scotland since 2010. From March 2020, the duo behind the independent film organisation – Sean Welsh and Megan Mitchell – suspended their usual work and turned their efforts to supporting deaf and hard of hearing audiences and writing subtitles from scratch.

They have been working 12-hour days, seven days a week, captioning more than 250 films to ensure that D/deaf audiences can continue to enjoy the world of film as cinemas and film exhibitors took their activities online. Going the extra mile, the pair have also been sharing their skills with others who screen films, running extensive workshops and consultations to support organisations to begin captioning content themselves, and understand all the ways they can make sure their online activity is as accessible as possible.

TV presenter and radio DJ Edith Bowman congratulated Sean and Megan for all their efforts in making film more accessible, with Sean saying: "It's an honour to win this National Lottery Award for the work we've been doing. We are strong believers that film provides a unique kind of escapism, creativity and excitement for all. That's why we felt it was important to evolve our work with Matchbox Cineclub and help all audiences find comfort in film during these challenging times."

## EDUCATION AWARD

### The Friendly Food Club

Octogenarian food crusader and ex-restaurateur Tony Gibbons set up The Friendly Food Club over 15 years ago, and has gone on to help thousands of struggling families in Dorset learn to cook affordable, nutritious meals and make new friends through fun, free cookery workshops.

Determined to stay connected with the vulnerable people who had attended the workshops, Tony took his classes online following the Covid outbreak and created The Family Cookbook – a parcel containing all of the ingredients needed to make healthy meals, as well as quizzes, games and activities to support home learning. The club delivered around 4,500 boxes across Dorset during the summer and encouraged recipients to share their meals on social media, which kept them engaged with healthy eating and in contact with other families.

After winning the award, Tony – who received a congratulatory message from *Saturday Kitchen* star and celebrity chef Matt Tebbutt – said: "I am a strong believer that food is a catalyst for so many things – confidence, improved health and making friends – and that is why, thanks to National Lottery funding, I have been able to continue my work with The Friendly Food Club and make a difference to the lives of families who need the club most."



## YOUNG HERO AWARD

### Caitlin Walker

Caitlin Walker has autism, OCD and severe anxiety, and is also a young carer for her dad. After suffering a breakdown, she continued her education through home-schooling. But that meant that, when GCSE exams were cancelled due to the pandemic, she was unable to gain any qualifications because external candidates were not allowed to use predicted grades.

Despite it being an extremely challenging time, Caitlin, from Kent, used her free time to volunteer and then work for Youth Resilience UK, an organisation that provides schoolchildren with skills to improve their emotional and mental resilience. Her work has inspired her to go to college to study business management. Caitlin has also been tirelessly supporting her local community by running errands for those shielding and sourcing donations of essential items for the ICU staff at her local hospital.

Caitlin, who was told about her win by YouTube sensation Saffron Barker via a surprise video message, said: "I was so shocked when I saw Saffron on the screen in front of me and even more surprised when she said I had won the Young Hero Award! I didn't see myself as a hero – I was just doing what I thought everyone should do for those that need it – but I'm so happy to receive the trophy and be recognised for what I have been doing these last six months."

For further details of the 2020 National Lottery Awards, please see: [lotterygoodcauses.org.uk/awards](http://lotterygoodcauses.org.uk/awards)



**2020  
NATIONAL  
LOTTERY  
AWARDS**

## CELEBRATING LOCAL HEROES

The National Lottery Awards weren't the only celebration of the previously unheralded individuals who, using some of the £30 million-plus in funding raised each week by National Lottery players, have responded to the challenges of the pandemic to make other people's lives a bit more bearable, comfortable and enjoyable – just when they needed it the most.

In a year when Covid-19 has reminded all of us of the importance of community, The National Lottery family launched a campaign in October dedicated to telling the stories of the everyday people whose sometimes small actions have helped to maintain and rebuild the places where we live, and reconnected us to the things we love. Remarkable people who didn't feel that their actions and efforts were anything special but who have had a positive and profound impact across the arts, community, heritage and sport sectors around the UK.

To launch the campaign, furniture restorer and TV presenter Jay Blades unveiled a series of bespoke benches that he designed to celebrate the inspirational people who have done amazing work in their local community during the pandemic.

Sarah-Jane Piper and Michelle Thomson were two of the people across the UK who received a handcrafted community bench for their work with 150 visually impaired people in Basildon, Essex, who they supported day in, day out during lockdown.

The pair provided shopping services and doorstep food parcels, prescription deliveries, and arranged house repairs and social care interventions, as well as all-important emotional support through their telephone befriending service. The bench, which has been installed in Basildon's Gloucester Park, features built-in dog bowls for guide dogs or any other canine companions and is emblazoned with the poignant quote, "seeing is not the only way to have vision". All of the benches also boast written dedications in braille, as well as QR codes that will allow visitors to listen to audio recordings of Jay telling the individuals' stories.



**"Many visually impaired people found themselves in crisis at the start of lockdown, they needed support they could depend on, week in, week out. Our aim was to make them feel safe during a very scary time and, without the funding from The National Lottery, we simply wouldn't have been able to provide this level of service."**

Sarah-Jane Piper

Two Scottish charity workers were also among those honoured with bespoke benches. Debra Kirkness runs Music 4 U, a performing arts school in Aberdeen that helps young people with physical and learning disabilities, as well as challenging social and financial circumstances, to get involved with music. During lockdown, the school found innovative ways to reach out to its community, running online concerts, holding interviews and quizzes, making videos and creating doorstep challenges. Debra's bench was installed outside the Aberdeen Arts Centre where she does much of her work.

Meanwhile, Steven McCluskey, the Edinburgh-based founder of Bikes for Refugees (Scotland), recognised quickly at the start of lockdown that the charity needed to broaden its scope, lending bikes to essential workers in health, social care, education and other key roles. It also used National Lottery funding to provide emergency food aid and other essential supplies to isolated and vulnerable New Scots (refugees and asylum seekers). Steven's bench was installed in Glasgow Green on the Sustrans National Cycle Network (NCN75), linking Glasgow to Edinburgh where the project has its community cycle hubs.

## CELEBRATING LOCAL HEROES (CONTINUED)



In November, eight of the UK's most iconic art galleries – including The National Portrait Gallery in London, The National Museum of Wales in Cardiff, The MAC in Belfast and Summerhall in Edinburgh – joined forces with the British Film Institute to present a unique online photography exhibition. However, the subjects shot by photographer Chris Floyd, who has spent his 25-year career photographing the likes of Sir Paul McCartney and Sir Mo Farah, weren't celebrities or historical figures. They were the unheralded everyday champions of the arts sector.

With the sector being one of the hardest-hit areas during the pandemic, thousands of dedicated and devoted artists have made it their mission to keep the arts in their local area alive and accessible for all. The exhibition – *The National Lottery's 2020 Portraits of the People* – honoured 13 of these artistic champions for playing a key role in lifting people's spirits this year. One of those people was Abbie Canning, whose charitable organisation Q Club in Derby supports children on the autistic spectrum. During lockdown, Abbie hosted online sessions to offer a vital creative outlet to youngsters through a range of digital visual arts, including photography and animation.



Clockwise from top left: Abbie Canning, Programme Curator of independent contemporary arts centre Derby Quad and leader of Q Club; Anouar Kassim MBE, Founding Director of Milton Keynes Islamic Arts, Heritage and Culture; Mojisola Elufowoju, Founder and Artistic Director of Sheffield-based Utopia Theatre; writer Liz Treacher, the lead reader for the Open Book charity group in Brora in the Scottish Highlands



**"All of the people we are meeting in this exhibition have done something special to help keep the soul of their community alive in these difficult and dark times using funding raised by National Lottery players. This group have all shown a 'can do' spirit, a refusal to lay down and give up, despite their own personal and national trials this year."**

Chris Floyd



## CELEBRATING LOCAL HEROES (CONTINUED)



In December, TV's Sir Tony Robinson unveiled a historic takeover of Stonehenge, with the 5,000-year-old sarsen stones illuminated with images of the UK's 'unsung heritage champions'. With Sir Tony unable to attend the display due to lockdown restrictions, a video projection of him lit up the historic stones and introduced the momentous display. The night-time celebration used eight projectors to honour those remarkable individuals who have worked tirelessly to keep the UK's heritage accessible during the pandemic and beyond.

Stonehenge is just one of the many heritage sites in the UK which has faced uncertainty during the pandemic. Without any visitors, and with 92% of its staff furloughed, English Heritage's James Rodliff, Operations Manager at Stonehenge, worked with a small team throughout lockdown to ensure the care and conservation of the iconic site. James, who was instrumental in planning the safe re-opening of the site in early July 2020, was "surprised and humbled" to have his image projected onto one of the stones: "I certainly didn't expect to turn up to work and see my face up in lights."

"I love the fact that Stonehenge is being lit up as a tribute to some of the nation's key project workers and volunteers, letting the public know about the hard work they've been doing to keep our heritage accessible to everyone using National Lottery funding. Without the graft and tireless effort of these wonderful people, our much-loved heritage would be more at risk than ever this year."

Sir Tony Robinson

## CELEBRATING LOCAL HEROES (CONTINUED)



In Wales, Geraint Thomas National Velodrome of Wales, named after 2018's Tour de France winner, became the Chris Davies National Velodrome of Wales for the day. Chris accepted the honour on behalf of Lliswerry Runners, which plays a huge role in the Newport sports community. Chris and the club have worked tirelessly to keep members active, offering support and encouragement for people of all abilities. Meanwhile, the Sport Wales National Outdoor Centre, in Caernarfon, was renamed The Ken Newing National Outdoor Centre to celebrate a local sports volunteer who, despite shielding, organised e-sailing programmes and helped to bring the community together at a time when many would have otherwise been alone.

December also saw iconic sports venues across England and Wales change their names for a day to recognise grassroots sports workers and volunteers who have gone above and beyond to help people and communities remain active, connected and motivated during lockdown. And in Northern Ireland, boxing legend Carl Frampton made some special dedications to those local unsung heroes who have stepped to the fore.

The home of England Rugby, Twickenham, became the O'Brien Palmer Williams Twickenham Stadium to celebrate Lucy O'Brien, Breeze Palmer and Matt Williams of Avonmouth Old Boys RUFC Ladies team, which delivered hundreds of hampers, food boxes and even flowers to those shielding, the vulnerable and those on the front line during the pandemic. And in cricket, The Kia Oval, home of Surrey County Cricket Club, changed its name to the Kia Shahidul Alam Ratan Oval in honour of the hardworking leader of Capital Kids Cricket, a charity which uses cricket as a tool to change the lives of disadvantaged children.

Elsewhere, The Paula Radcliffe Athletics Track, at Loughborough University, was renamed The Kayla Kavanagh Athletics Track in honour of a Barnsley-based mum who set up the Mother Runners running club after discovering for herself the physical and mental benefits of running. And Redgrave and PinSENT Rowing Lake was renamed Turner Farquharson Rowing Lake after London Youth Rowing coaches Isobel Turner and Lawrence Farquharson, who worked to change the lives of young people for the better during a very difficult year.

**"This has obviously been a year like no other, a year where those unheralded champions of sport have stepped forward and done all they can to keep people motivated and engaged in sport and physical activity. It is fitting that all this hard work by countless individuals is recognised – and what better way to do that than by renaming iconic sports venues in their name. They fully deserve the recognition now more than ever."**

Former England cricket captain Sir Alastair Cook



## CELEBRATING LOCAL HEROES (CONTINUED)

Over in Northern Ireland, boxer Carl Frampton, below, surprised Midland Boxing Club coaches Lee Cochrane and Keith Dallas, who spent lockdown delivering meals to the elderly in their north Belfast community – with Lee even providing food from his own house on some occasions, with a range of boxing equipment from The National Lottery. The gift and surprise were also shared with Amy Stewart from Monkstown Boxing Club, whose members turned its gym into a makeshift soup kitchen, with volunteers helping to deliver food packages to local people who were self-isolating and vulnerable.

Meanwhile, in Scotland, six-time Olympic champion Sir Chris Hoy surprised Fife cycling enthusiast Kirsteen Durkin, right, with a video call and the delivery of a new bike, as a gesture of appreciation from The National Lottery. During the pandemic, Kirsteen, who is Cycling Development Officer for Fife Council and uses National Lottery funding to develop cycling in the local area, was called on to help run the Burntisland Emergency Action Team. Within two weeks of lockdown starting, she had a team of 80 volunteers delivering hundreds of meals and food parcels locally, collecting shopping and prescriptions, and running essential errands for those who were shielding.



**"I've followed Sir Chris's career for over 20 years and am an avid fan of his phenomenal journey, so you can imagine my utter shock when he appeared on the call. I feel so humbled that I was chosen for this dedication. I enjoy using my passion for sport to get more people on bikes, so to be recognised for doing what I love is a bit surreal and totally wonderful."**

Kirsteen Durkin

**"We often hear of sports people being referred to as heroes but this year has shown, more than ever, that heroes come in all sorts of guises. The funding raised by National Lottery players has been vital through this challenging period for many individuals, groups and communities across Scotland, as we try to negotiate these extraordinary times."**

Sir Chris Hoy



# Responsible and trusted

## DOING BUSINESS RESPONSIBLY

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

As the steward of a national asset, we have a duty to operate The National Lottery responsibly to ensure that it grows in a sustainable way for years to come. Achieving this – and delivering value to our players, our business partners and the wider community – is only possible with the ongoing trust and support of all those involved in The National Lottery's operation. It's therefore not just what we do that's important; it's how we do it too.

In our case, doing business responsibly starts with our tens of millions of players. Without them, we wouldn't be able to return 95% of every pound spent on National Lottery games to winners and society. It's therefore vital that they continue to have a positive and enjoyable experience within a safe environment, with lots of people playing a little – rather than a few playing a lot.

To meet our responsibility to keep our players safe by preventing them from playing too young or too much, healthy play continues to be our top priority. As a responsible business, our ambitions are to promote healthy play to all of our players and to ensure that The National Lottery is the safest place to play. More detailed information about how we do this can be found in the following pages of this section of the Annual Report.

But healthy play is by no means the only way in which we demonstrate our commitment to being a responsible operator. From the support we offer employees, the service we provide to big winners and the work we do to address our environmental impact to the way we treat suppliers, the investment we make in the community and the training we offer our retailers to help identify signs of modern day slavery – we're proud of the fact that doing business responsibly is an ethos that spans the whole of our operation, and extends across every one of our teams and at every level of our business.

Just like virtually every other company, Covid-19 affected many areas of our operation and threw up a host of new challenges during the year. By drawing on the strength of our employees and our values as a business, our ability to move quickly and adapt to rapidly changing circumstances has enabled us to continue running The National Lottery safely and responsibly throughout.

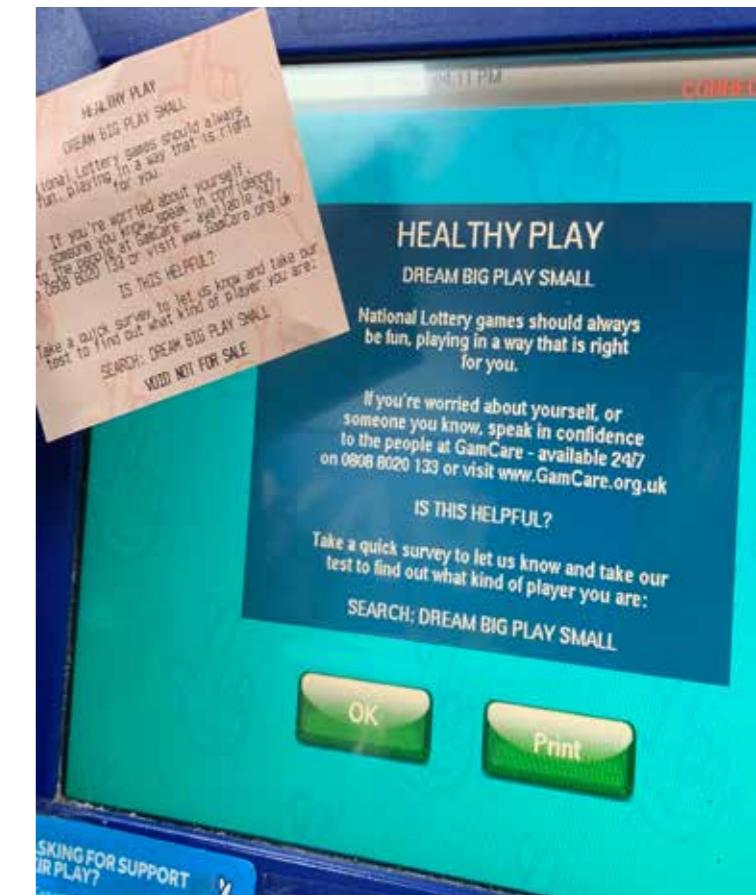
And that's been critical – with over £1.2 billion in vital National Lottery funding having now been distributed to charities and organisations to help those most in need. The National Lottery is playing a leading role in helping the country respond to, and rebuild from, the enormous impact of the pandemic.

We haven't, however, been alone in having to navigate the impact of Covid-19. The outbreak has, of course, highlighted existing challenges, such as digital exclusion, facing our communities. With schools having to close, teachers and families had to face up to the challenges of home-schooling but with hundreds of thousands of pupils having no access to a computer at home. We were therefore proud to support the *Daily Mail's* 'Computers for Kids' campaign. By match funding £1 million of the amount raised by *Daily Mail* readers, it gave us the opportunity to help children by providing them with much-needed school equipment and resources for learning from home.

Proud to call Watford our home for the past 27 years, we've also been fortunate to be in a position to be able to help others in our local area. With the vast majority of our employees and their families living locally, we've been hugely grateful for the way in which our community has come together to fight the Covid-19 crisis – despite many organisations facing unprecedented challenges with fundraising, volunteering and service delivery – and wanted to help in any way we could. As well as maintaining our support and funding for local charities with which we have longstanding relationships, we've been able to help others in our local area.

For example, when our local MPs Dean Russell and Gagan Mohindra, together with the Elected Mayor of Watford Peter Taylor, told us at the start of the first lockdown about the amazing and selfless work of charities and voluntary groups in our town, we had no hesitation in supporting Watford and Three Rivers Trust's Covid-19 Community Fund appeal with a donation of £100,000.

The urgent appeal was launched to raise funds for local charities on the front line of the response to the outbreak – with donations helping to provide emergency food and medical supplies to isolated people, accommodation and support for rough sleepers, a lifeline to victims of domestic abuse, and care for households suffering bereavement.



The pandemic has also seen many hospitals operating at full capacity, putting even further pressure on staff and their working environment. As we had empty space at our Watford head office, we were pleased to be able to provide Hertfordshire Partnership University NHS Foundation Trust with free office facilities – as well as free Wi-Fi, snacks and drinks – as their own office at Watford General Hospital was stretched to the limit.

**"I have always loved working for Camelot, but the way we have supported the local area – and are now helping the nation's schoolchildren – throughout the pandemic makes me even more proud to work for a company that gives back so much, especially when people are needing support the most."**

Bonnie Steer, Contact Centre Agent at Camelot

# Refusal Register

From 22 April 2021, you must be 18 or over  
to play National Lottery games



## CORPORATE RESPONSIBILITY FRAMEWORK

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

- **Safe and healthy play:** to be the safest place to play and to promote healthy play;
- **People:** to support the People Team with activities relating to inclusion and diversity, gender pay gap, retaining talent and development of employees;
- **Community investment:** to connect employees with the wider societal impact of National Lottery-funded projects through our 'Living Life Changing' programme;

- **Supply chain:** to ensure we have a clear view of our suppliers, and follow best practice on how and where we responsibly procure products and services, as well as making prompt payments to suppliers; and

- **Environment:** to demonstrate a credible understanding of our environmental impacts with appropriate supporting programmes, strategies and transparent reporting practices.

### SAFE AND HEALTHY PLAY

- Be the Safest Place to Play
- Promote Healthy Play

### PEOPLE

- Inclusion
- Talent, Engagement and Development

### COMMUNITY INVESTMENT

- Employee Volunteering
- Charitable Giving

### SUPPLY CHAIN

- Modern Slavery Act
- Prompt Payment

### ENVIRONMENT

- Energy, Waste and Consumption
- Raising Internal Awareness



## HEALTHY PLAY STRATEGY

We know that amazing things happen when lots of people play a little and we're proud to say that around 60% of UK adults play our games.

The National Lottery is ranked just 60th in the world in terms of per capita spend, despite being the fifth largest lottery in the world in terms of sales – underlining the effectiveness of our approach to encourage lots of people to play but to only spend relatively small amounts. (Source: La Fleur's World Lottery Almanac 2021)

Even though the inherent risk of unhealthy play associated with National Lottery products is widely recognised as being very low, we acknowledge that, because of our wide reach, encouraging healthy play needs to be embedded in everything we do. And, with millions of people playing our games, we have an opportunity to encourage it and support our players to play in a way that's right for them.

### OUR HEALTHY PLAY STRATEGY DELIVERS IN FOUR KEY AREAS:

**Player:** to identify and prevent underage players from accessing National Lottery products, and to detect and interact with at-risk players to minimise unhealthy play;

**Product:** to design games that are lower risk and don't have a particular appeal to vulnerable groups, or those under age, through a rigorous game design process;

**Place:** to create controlled play environments, online and in retail, and to promote healthy play behaviours to all players; and

**Leadership:** to take a leading role in advancing healthy play practices.

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

\*New starters

## HEALTHY PLAY TIMELINE



## PLAYER

### AGE TO PLAY

In December 2020, the government announced that it was carrying out a major and wide-ranging review of gambling laws to ensure they are, and remain, fit for the digital age. As part of this, it decided to raise the minimum age to play National Lottery games from 16 to 18 by 1 October 2021.

We know that effective age-gating of our products is critical, providing confidence that young people are not being exposed to unhealthy play. We therefore fully support the new legislation, which will bring National Lottery products in line with the purchase of other age-restricted products, such as alcohol and tobacco, and so help to keep age verification policies consistent across all products being sold in store.

Following the government's decision, we carried out a major programme of work to implement all of the necessary changes across all of our channels as quickly as possible, while ensuring that we maintained the very high standards demanded of The National Lottery.

As a result of the excellent progress made, the age to play all National Lottery games changed to 18+ on 22 April 2021, more than five months ahead of the change in legislation. From this date, anyone under the age of 18 has been unable to play National Lottery games in a retail store, online or on the National Lottery apps. Making the change well in advance of the change in October will help to ensure that all of our 44,000 retail partners across the UK are fully prepared ahead of the new law coming into force.



We targeted our communications to the point of use and/or purchase. We contacted our digital players aged 16 and 17 early on to let them know that they would be unable to play online from 22 April 2021. We also created a dedicated landing page and FAQs on the National Lottery website to help players with any queries they may have about the change.

To ensure the transition to 18+ was as smooth as possible for our retailers, our Retail Sales Team visited stores from the beginning of March 2021 to provide support ahead of the change. As part of this, we designed, printed and sent out millions of new pieces of updated consumer-facing Point of Sale material – including ticket rolls, play slips, till rolls and Players' Guides – highlighting the new age to play, as well as manufactured new fixed signage and Point Of Sale equipment.

Even though the age to play changed in April, we're continuing to offer full, ongoing support to retailers to address any needs they may have. For example, we've put in place further training material, including e-learning modules, on the National Lottery Retailer Hub website to give them additional support over and above the in-store training that we've already provided.

## PLAYER (CONTINUED)

### PREVENTING UNDERAGE PLAY IN RETAIL

We have a legal, regulatory and moral responsibility to prevent underage sales of National Lottery products. It's therefore vital that we work closely with our retail partners – all of whom are independent of Camelot – to ensure that they feel supported and confident about how and when to ask for ID, to train their staff, and to make certain that they are using refusal registers to accurately record interactions with underage customers.

We've been running our underage play mystery shopper programme successfully for over two decades – achieving a first visit pass rate of 91% for the previous three years and exceeding our target of 90%. The programme uses young people who are aged 16 or over, but who look younger, to visit stores to make sure that retailers are correctly asking for ID where appropriate and are not selling to anyone under the age of 16.

If a retailer fails a mystery shopping visit, they are given additional training and support before they receive another visit. If a retailer fails a visit on three occasions, their National Lottery terminal will be suspended and is likely to be removed.

Although the usual format of the programme was significantly affected by Covid-19 in 2020/21, with visits unable to take place, we continued to provide remote support and training materials to our retailers. Given the requirement to wear face masks in retail premises, we put particular emphasis on the importance of asking for ID from anyone suspected of being underage – and we will continue to reinforce this message given that the wearing of face masks could be an ongoing measure in protecting people from Covid-19.

We also continued to remind retailers of their responsibilities in this area, with increased communications in our bi-monthly retailer magazine, *Jackpot*, on our dedicated retailer website – the National Lottery Retailer Hub ([tnlretailerhub.co.uk](http://tnlretailerhub.co.uk)) – and by direct letter and email. We also made more than 37,000 phone calls to our retail partners to discuss the prevention of underage play, and to check their knowledge of the legal requirements to buy and sell National Lottery products and claim prizes.

Following the change in age to play from 16 to 18 that came into effect in April 2021, we will continue to support our retailers in preventing underage play throughout the coming year, including the launch of an updated mystery shopper programme featuring young people who are aged 18 or over, but who look younger.

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

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



# 37,392

37,392 underage play training calls made to our retail partners

## PLAYER (CONTINUED)

### IDENTIFYING AT-RISK PLAYERS IN RETAIL

Understanding patterns of play in retail is vital in supporting our retailers to encourage healthy play and prevent underage sales. In September 2020, we launched a new 'Interactions' section on the National Lottery Retailer Hub website, which enables our retail partners to record both healthy play and/or interactions to prevent underage sales. We are planning a bigger launch for this initiative in 2021/22, with training being embedded in both the Retail Sales Team's regular visits to stores and within our programme of retail communications.

The following month, we also delivered a healthy play mystery shopper pilot involving 207 randomly selected retailers, with the aim of testing whether they could provide details of GamCare on request – a key element in supporting any players who might need help with their play. This support could be verbal; it could come from directing players to one of our in-store or online resources; or it could make use of the healthy play printout from the National Lottery terminal – a pink ticket, much like a Lotto or EuroMillions ticket, which enables retailers to instantly and discreetly provide players with details of where support is available, should they need it.

The engagement of our retailers and their feedback gave us further insights into how we can continue to improve our 'Supporting Healthy Play' retailer training programme. As a result, we plan to roll out a second wave of this pilot to include more stores across the UK in 2021/22.

To better understand the impact that our retailer training programme is having on our players, in March 2021 we added a link to the healthy play terminal printout asking players to take an online survey. Our aim is to gain feedback about players' experiences with healthy play in a retail setting, which we will then use to further understand their behaviour when receiving support in this way and to enable us to provide even more effective support to our retailers.

### PREVENTING UNDERAGE PLAY ONLINE

Our responsibility to prevent underage sales also applies to our online channels. With over 9.7 million active registered players, we operate the largest digital lottery in the world by revenue. Having a rigorous online registration process is therefore critical to our effectiveness in preventing any underage sales.

Anyone wanting to register for an online National Lottery account is required to pass an identity and age verification check by Experian. This ensures that the applicant is who they claim to be, is legally old enough to play our games and is a UK or Isle of Man resident. If an individual fails the Experian check, they are required to complete and pass a manual registration, which involves submitting further evidence to us, before an account can be opened. If this doesn't satisfy our requirements, the applicant would be prevented from accessing any National Lottery products.

**"The healthy play terminal printout raises awareness of safe play, offers support if needed, and makes people 'stop and think'."**

67% of respondents to our healthy play terminal printout survey



Over 9.7 million active online players

## PLAYER (CONTINUED)

### IDENTIFYING AND SUPPORTING AT-RISK PLAYERS ONLINE

Our online behavioural analytics model – Mercury – identifies at-risk players by monitoring a range of playing behaviours. In turn, this enables us to support any players showing signs of unhealthy play.

Over the course of the year, we embedded our interventions programme to further help people manage their play. The programme includes using a range of communications that escalate over time, highlighting the healthy play tools available to players and encouraging them to set their limits.

We also signpost at-risk players to organisations such as GamCare, which provides free information, advice and support, as well as Gamban and GAMSTOP, which work with players to exclude or block access to online gambling, including through bank blocking software.

To ensure the Mercury interventions programme continues to be as effective as possible, we also commissioned an independent behavioural scientist to evaluate the current programme and provide insights into how we could enhance it further. As a result, recommendations from the review – including tailoring interventions for people with different characteristics, such as new National Lottery players and younger players – will be developed over the coming year.

The year also saw us pilot a new step in our phased interventions programme by conducting outbound calls to long-term at-risk players. Due to the success of the pilot, in January 2021 we set up a team of experienced Contact Centre Agents dedicated to making the outbound calls on a permanent basis. Since then, over 250 players have reduced their spend and/or play limits as a result of a phone call from this team. As a result, outbound calling interventions have become an important tool in helping us to achieve our healthy play ambitions.



**"As a team, we have all really enjoyed this role and value the importance of the work we are doing. Our phone calls make sure players are comfortable with how they're playing, as, for some, it may be that our phone call is the realisation for the player that the activity on the account is more than they thought."**

Lily Winter, Healthy Play Outbound Call Agent at Camelot



Gamban

## PLAYER (CONTINUED)

### TARGETED ONLINE COMMUNICATIONS

To help us achieve our goal of ensuring that all players play in a healthy way, we introduced new targeted communications for all customers in December 2020. The initiative – which used emails, app alerts and website pop-ups – resulted in a four-fold increase in visits to our healthy play webpage.

Although we reached over three million players by email alone, we wanted to go much further. We therefore launched a new healthy play communications plan to run every quarter and reach even more of our players – over and above our routine communications to new players, our draw reminder emails, and our marketing and service email footers.

Behavioural analytics give us a powerful tool to help look at certain player behaviours and tailor our communications to their needs. During the year, our Know Your Customer (KYC) workstream combined insights from our behavioural analytics model, our healthy play terminal printouts in retail, and from looking at players who had hit some of their spend and/or play limits.



# 6,388

The number of visits to our healthy play tools from our new website pop-ups

## PRODUCT

### DESIGNING OUR GAMES

Even though it's widely recognised that National Lottery games pose an extremely low risk of causing harm to players, we aim to minimise the likelihood of this happening as much as possible.

We do this by developing all of our games in line with a robust 'Responsible Game Design Process' to ensure they are always safe and fun to play. In doing so, we can mitigate any risk that they might appeal to vulnerable groups, such as underage people or those with problem playing behaviour.

In May 2020, we completed an external independent review of our game design process and, as a result, we've enhanced it further. For example, we've added a new assessment tool – Asterig – which measures and evaluates the risk potential of gambling products. To complement this, we've introduced a new checklist at our regular governance meetings to ensure clear and consistent guidance on all of the factors to be considered when reviewing games.

As part of the game design process, we now use three tools to assess the level of risk associated with our games:

- GamGard, a tool which assesses a game's structural and situational characteristics, and assigns risk levels to each one;
- Asterig, a tool which measures the possible dimensions of risk potential of games on the basis of numeric scores, and allows a comparison to be drawn between the addiction potentials of different games; and
- a Risk Checklist, which considers risks, such as underage appeal, posed by the design characteristics of a game.

If any of these tools identifies a potential risk to players, we will modify the game to reduce the risk to an acceptable level. If the risk remains too high, we will not launch the game.

The whole process is overseen by the Game Risk Evaluation Action Team, which comprises representatives from key internal departments from across the business, and is enhanced by a research and review programme for any games that are significantly new and different. We also work closely with the Gambling Commission, which approves all new games before they launch.

To further support our ambition of promoting healthy play, all of our products include the helpline details for GamCare. Many of our products and adverts also feature our 'DREAM BIG PLAY SMALL' healthy play message, which, when searched online, takes players to the healthy play page of The National Lottery website.

In addition, we ensure that all of our advertising and marketing complies with the Advertising Standards Authority's CAP Code and BCAP Code. These promote safe marketing and, in particular, the need to prevent young people under the age of 18 from being harmed by any unsafe advertising.

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

The GamGard tool was developed by Camelot in partnership with Nottingham Trent University in 2007. Since then, it has been used by around 30 operators and regulators worldwide. Its use is recognised as best practice in responsible game design by the World Lottery Association.

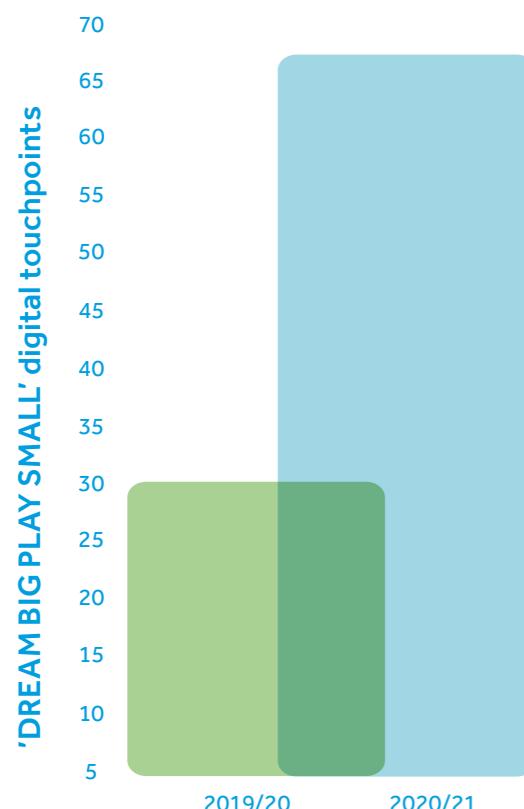


## PLACE

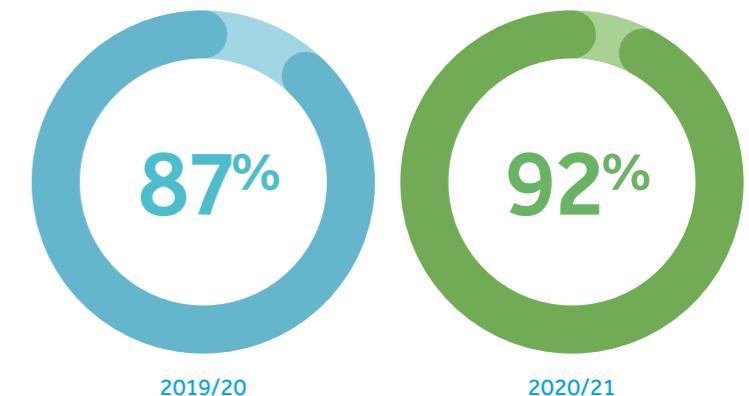
### PROMOTING HEALTHY PLAY

Our 'DREAM BIG PLAY SMALL' healthy play message, which we launched in August 2019, has been further embedded across our digital and retail player journeys this year.

The message, which reflects and reinforces one of our guiding principles – lots of people playing a little – now appears on 67 touchpoints throughout the digital player journey. It is also referenced in all player communications. In retail, it was recently added to our healthy play terminal printouts, and has also featured in our TV and radio campaigns. Looking ahead to the coming year, we plan to further expand our use of the message to ensure that we are continuing to promote healthy play as extensively as possible.



### PLACE (CONTINUED)



Average retailer pass rate on healthy play knowledge checks

### HEALTHY PLAY TRAINING FOR RETAILERS

In pursuit of our ambition to be the safest place to play, ensuring that our retail partners feel supported to challenge people when they are unsure of their age and confident enough to have conversations with customers about their play is essential.

Throughout the year, we continued to deliver our 'Supporting Healthy Play' training to our 44,000 retailers. The training promotes a consistent approach on how to respond to a player if they directly ask for help, and provides retailers with the appropriate resources to be able to offer further information or support if they are concerned about a player.

Due to the impact of Covid-19, we were unable to make regular face-to-face visits to train and support our retailers. We therefore adapted the way we delivered this training, with the Retail Sales Team conducting and completing it remotely by phone.

Our Contact Centre Team also continued to conduct knowledge-check calls, in which retailers are asked questions about the resources available to them and whether they have concerns about anyone's playing behaviour. Even with the challenges we faced this year, we achieved an average pass rate of 92% - which is 5% higher than in 2019/20 and 7% above our target.

To further support our retail partners, we launched a new online healthy play training module in June 2020. Accessible to independent retailers through the National Lottery Retailer Hub website, the module is designed to inform and test our retailers' knowledge about being a responsible retailer. All new National Lottery retailers must now pass this training before being able to activate their new lottery terminal. In addition, the module will form a key part of our communications strategy for all existing retailers in 2021/22.

With our 'Supporting Healthy Play' training programme having now been running for two years, we commissioned an external evaluation in October 2020 of the effectiveness of the healthy play terminal printout, which retailers can provide to players should they need support with their play. As part of this process, research with both players and retailers was conducted using a survey.

The feedback was very positive, with over half of the retailers who responded believing that the programme had been effective for players as well as their own ability to support players. The findings, which also included suggestions about how we could further enhance our training on the use of the printouts, will enable us to continue supporting our retailers effectively. They will also feed into our wider work examining patterns of play in retail, as we continue to build on the activity we carry out to best support healthy play in retail.

**"The healthy play terminal printout is good in that it gives me a way to get through to customers about unhealthy play without having to say it, some kind of protection for the retailer against the reaction, whilst still being able to do something."**

A respondent to the survey

## PLACE (CONTINUED)

### OUR ONLINE HEALTHY PLAY TOOLKIT

**With over 9.7 million active registered users, making national-lottery.co.uk the largest digital lottery in the world by revenue, we want to ensure that both our new and existing players are fully aware of the wide range of practical tools we offer to support them to play in a healthy way.**

Our online healthy play toolkit consists of:

- weekly wallet load and spend limits, so players don't spend more than they intend to;
- play limits, so players can manage how many Instant Win Games they can play in a 24-hour period;
- session time reminders, so players can keep track of the time they spend playing;
- a self-assessment quiz, so players can consider certain behaviours to ensure that playing all games – not just National Lottery games – remains safe and fun; and
- a budget calculator, so players can reflect on how they spend their money each month.

As part of our commitment to support people to play in a healthy way, we conducted an internal review of wallet load and spend limits. The review was completed in November 2020 and resulted in positive changes being made to further support our ambition of The National Lottery being the safest place to play. These included reducing our maximum weekly spend limit from £750 to £500, bringing down our default session time reminders from two hours to one hour, and lowering the minimum wallet load amount from £10 to £5.

We are currently finalising further limit reductions for those players identified as at-risk, ahead of implementing them in the coming months. We will continue to monitor the limits and review the impact these changes have on player behaviour.

If, at any stage, a player wishes to take a break or permanently exclude themselves from playing our games, they are able to do so using our existing tools. We've also voluntarily joined GAMSTOP, which is the free national online gambling self-exclusion service. This allows people to automatically exclude themselves in one go from all online gambling activities with websites and apps run by gambling operators licensed in Great Britain.



# 536,998

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

## LEADERSHIP

### CERTIFICATIONS AND ACCREDITATIONS

**When it comes to healthy play, we want to be leaders within our industry. We were proud in 2019 to become the first lottery operator – and one of the first online gaming operators – to attain Advanced Level 2 of GamCare's Safer Gambling Standard, a social responsibility quality standard for licensed gaming operators that aims to increase overall standards across the industry, helping to make play safer for all. We are now working towards achieving Advanced Level 3 of the standard.**

We continue to hold the highest level of the European Lotteries' Responsible Gaming Standard, as well as Level 4 – the highest level possible – of the World Lottery Association's Responsible Gaming Certification. We've held these certifications for 12 years and will be re-applying for both in 2021, underlining our continuing commitment to playing a leading role in advancing healthy play practices.

We also continue to hold leadership positions in both the European Lotteries and World Lottery Association Responsible Gaming Working Groups – sharing our experiences with others and playing a hands-on role in setting best practice standards for international lotteries.



## SUPPORT FOR WINNERS

As well as being a time of extreme excitement and happiness, we appreciate that winning a sudden substantial sum of money can, for many people, be an overwhelming and emotional experience. And we understand that some winners may not be well-equipped to cope with the experience.

Following extensive research, we've therefore designed a holistic winner support package that unlocks the power of community, offers relevant support and advice, and inspires possibility. We've invested a significant amount of time, money and resources into winner support, and our current programme goes far beyond our existing licence requirements to ensure that winners are able to retain their right to anonymity at all times, and to offer winners of £50,000 or more access to advice from legal and financial experts.

The Winner Experience Team, within our dedicated Player Services department, is responsible for paying prizes to, and advising and supporting, all high-tier prize winners of £50,000 or more. As well as making sure that the correct procedures and processes are followed to ensure that payments are made to those who are entitled to a prize, the team is also passionate about helping winners to make the most of their win and achieve a sense of personal fulfilment.

Winners are supported every step of the way by our Winners' Advisors, who tailor the support package to the individual's needs and situation. This helps to demystify a potentially complex life event and allow the winner to successfully navigate sudden wealth. They do this by working with carefully selected partners – including wellbeing experts, life coaches, private banks, financial and legal firms, and a concierge company.

With all of the Covid-19 restrictions during the year, the Winner Experience Team very quickly had to adapt and change its ways of working to enable the seamless continuation of paying big prizes, as well as the provision of relevant advice and support for winners.

Unable to sit with winners in the comfort of their own homes or in the Winners' Lounge at our head office to validate claims, the team instead took advantage of the innovative remote solutions it had already put in place before the pandemic, such as video conferencing and the use of DocuSign to validate winners electronically, and went to great lengths to help any winners who were not technically minded. As a result, the team succeeded in paying out, advising and supporting more than 770 big winners during the year.

The team was also particularly conscious that, due to lockdown, it might be more challenging for winners to navigate a life-changing event like a National Lottery win without the usual face-to-face support. In some cases, the emotional rollercoaster of a big win was compounded by health issues and job losses.

As part of its work to ensure that all winners have the very best winning experience possible, the team worked hard throughout the year to guide winners through their journey, while also identifying opportunities to provide additional support and information.

For example, it set up 'Virtual Winner Wellbeing' group sessions, which were held remotely each month and facilitated by an expert life coach. This enabled winners who had chosen to remain anonymous to meet virtually with other winners, and to talk through some of their feelings and emotions – with the sessions resulting in some very positive feedback from attendees:

*"So good to know that others are going through the same emotions as us and that this is completely normal."*

*"Really enjoyed that. Great listening to everyone's stories."*

## SUPPORT FOR WINNERS (CONTINUED)



**"Sometimes it's difficult to talk to family members about what you're going through and having someone I can talk to freely has been very supportive. I cannot thank Camelot enough for being there for me and offering me this coaching support."**

One of the winners who received life coaching support

The team also formed a 'Winner Council', comprising eight anonymous National Lottery winners who had volunteered to act as mentors for any winners of over £3 million. Winners have the opportunity to speak confidentially to Council members and hear directly from those who have already been through the winning journey.

In addition, the team continued to provide life coaching support throughout the year to winners of over £3 million, as well as those identified as having a need. Each winner was offered one month's coaching at a time of their choosing, with the initiative very well received by players:

*"Winning big on the lottery is life-changing, it's like being on a rollercoaster and you cannot get off. Your emotions are all over the place, and everything is new, daunting and unexpected. Speaking to Rachel really helped us deal with our thoughts, feelings and emotions. She would encourage us to focus on successes, enjoyments, concerns and challenges. The tools she gave us helped us cope and learn to adjust to our new life."*

The team also continued to work with its bespoke concierge company, The Fixer. During the year, the service dealt with 157 requests and helped many winners in different ways. Many understandably wanted help rearranging trips and holidays, while, for one family, The Fixer was able to help them fly to Switzerland to get the best medical treatment for cancer during the pandemic.

Following the success of the virtual winner wellbeing sessions, and having considered how else it could provide other support in this way, the team held its first legal and financial webinar in March 2021 for winners of less than £1 million, who don't automatically benefit from a one-to-one advisory meeting. It has also produced a new booklet, 'Things to Consider', which can be provided to winners following prize validation.

In the coming year, the team is committed to continuing to offer the best possible winning experience and, as part of this, is looking forward to resuming face-to-face meetings with big winners. It will build on the success of this year's wellbeing and webinar sessions by holding more of these events, and will continue to explore new ways of enhancing the already very high level of support it currently offers winners.

## SUSTAINABLE SUPPLY CHAIN

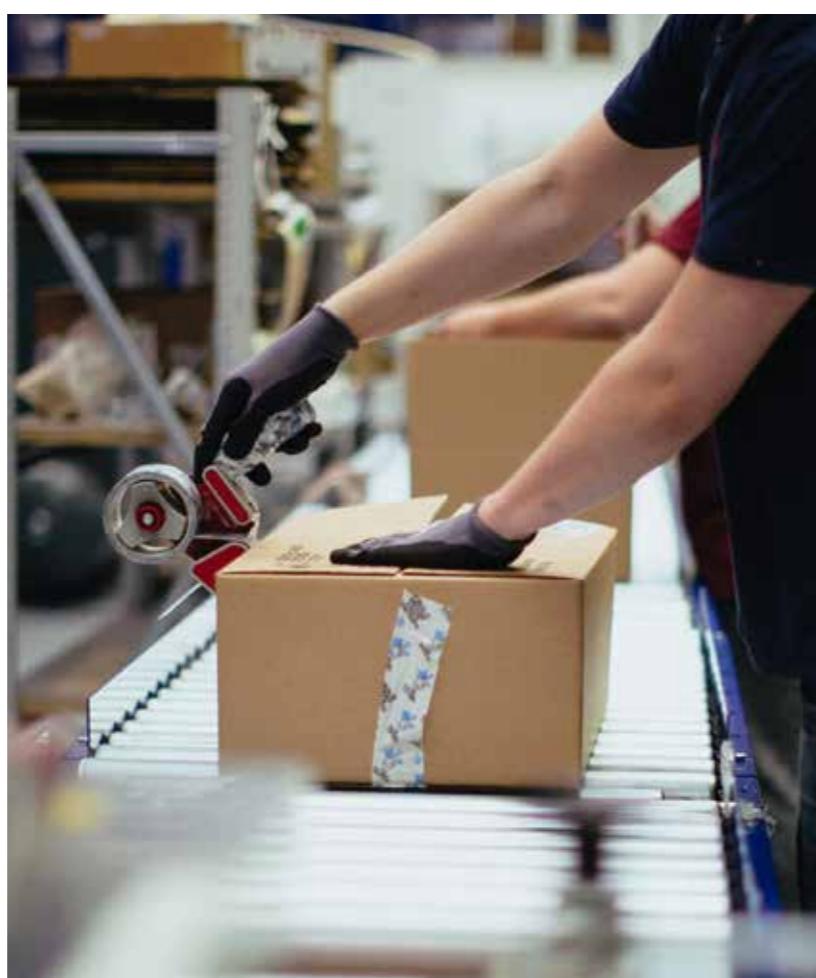
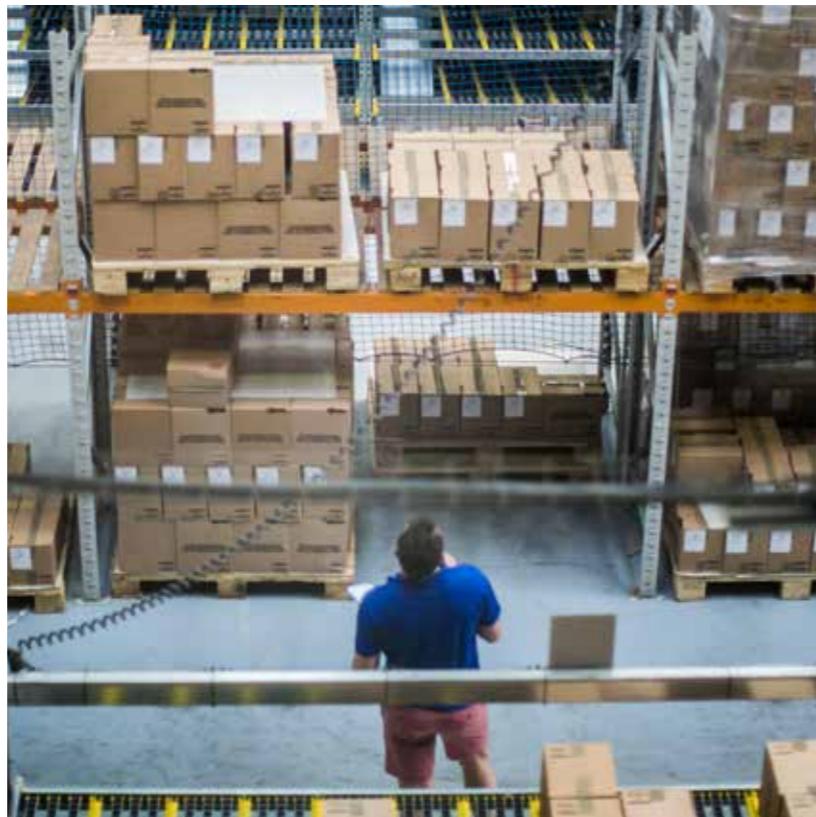
Our successful operation of The National Lottery requires us to build and maintain transparent and mutually beneficial partnerships with our supply chain. Our Group Procurement Team works closely with all areas of the business, with each member of the team focused on creating and sustaining harmonious relationships with suppliers.

The team supports a large number of Camelot relationship managers with varying requirements – providing support during the supplier selection process, carrying out due diligence on new providers, and negotiating commercial terms that represent value for money.

The Procurement Team works closely with our Legal Team, and plays a key role in negotiating contracts that mitigate risk and contain an appropriate definition of the supplier's obligations. It also assists in the definition of relevant performance metrics, which ensure that supplier agreements deliver high-quality goods and services, and, where necessary, assists relationship managers with performance reviews and to resolve any contractual or commercial issues.

Over the course of the year, the company used in the region of 600 suppliers, many of whom are critical to the successful and efficient operation of The National Lottery. The Procurement Team reviews existing suppliers through a combination of periodic review meetings, surveys and audits. It also remains vigilant when it comes to identifying risks within the supply chain and will work with the wider business to define appropriate mitigation measures.

As a company, we strive to implement clear operating processes and procedures that are fit for purpose and ensure that we comply with all relevant legislation and regulations. As part of this, the Procurement Team supports periodic reporting to the Gambling Commission – providing evidence that we are meeting licence requirements that relate to suppliers.



## SUSTAINABLE SUPPLY CHAIN (CONTINUED)

During the year, a cross-functional team led by the Procurement Team took steps to optimise the supplier onboarding process and contract management procedures, and successfully implemented a vendor information management system across the business. This new technology has improved our vendor records and provides a streamlined audit trail for all new suppliers engaged by the company. This year, we've onboarded 52 new suppliers and created 442 contract records.

In preparation for Brexit, the Procurement Team worked with the business to identify goods and/or services that might be at risk of interrupted supply. Where required, the team conducted tenders to identify alternative suppliers and de-risk any critical single source arrangements. Stock holding was increased where appropriate, while overseas supplier visits were conducted to cement new and existing relationships, and to obtain further assurances around the continuation of supply after Brexit.

In response to the Covid-19 pandemic, the team reviewed the supply chain again – categorising suppliers to determine the potential impact on their business operations. It worked closely with relationship managers and key suppliers to confirm that they had relevant contingency plans in place, and to identify any immediate or potential risks. Activity was tracked and reported to the Executive Team and relevant stakeholders – providing visibility of mitigation measures and their status.

Following the extension of the current National Lottery operating licence, the Procurement Team conducted a review of all contracted supplier spend. With the agreement of the Gambling Commission, the company is now in the process of engaging suppliers to ensure that there is continued contractual coverage on mutually agreed terms.

This year's Supplier Conduct Review was issued to 24 key suppliers. The survey, which helps us to understand how our suppliers manage their own businesses, covers areas such as business ethics, supply chain management, human rights and environmental management, together with broader corporate governance issues. All key suppliers that submitted a response successfully passed the review.

In the coming year, the Procurement Team will continue to educate the supply chain on the importance that Camelot places on corporate responsibility. This includes a commitment to tackling issues – such as modern slavery, and diversity and inclusion – within the supply chain.

The team will be taking steps to ensure that the company's suppliers are operating with integrity in these areas, and have relevant policies and procedures in place. For example, it has already produced a questionnaire that will explore how our key suppliers approach the issue of modern slavery. The questionnaire will be released to key suppliers identified on the basis of their criticality to the business, spend levels and services that are reliant on labour.

The team will also define the company's short to medium-term diversity and inclusion objectives as they relate to suppliers, and explore methods that can be used to measure the diversity of the current supply chain. It will then set out an action plan that will require collaboration with relationship managers to achieve the agreed diversity and inclusion objectives.

In addition, the Procurement Team will continue to develop the new vendor information management technology with the launch of a supplier offboarding process – ensuring that the necessary due diligence and process has been followed when a supplier is no longer used. It will also explore other functionality of the software – for example, contract renewal alerts and creating a link with the company's 'Procure to Pay' system that will automate the supplier set-up process and avoid duplication of effort.

**This year's Supplier Conduct Review was issued to 24 key suppliers. The survey, which helps us to understand how our suppliers manage their own businesses, covers areas such as business ethics, supply chain management, human rights and environmental management.**

## COMMUNITY INVESTMENT

It's really important to us that all of our employees feel connected to the life-changing good that they make possible through their day-to-day work.

Through our well-established 'Living Life Changing' programme, staff have a range of different ways in which they can become involved and connected with National Lottery-funded projects. One option is through volunteering – all employees can take up to two days a year to volunteer with our three charity partners with whom we've built great relationships over the years and which have connections to the areas where we operate:

- The Conservation Volunteers (TCV), which works every day across the UK to create healthier and happier communities for everyone by connecting people and green spaces to deliver lasting outcomes for both;
- Watford Mencap, which works with people with learning disabilities, their families and carers. The charity believes that people with a learning disability have the right to enjoy equal opportunities and be valued as members of society, enabling them to lead the life they want for themselves; and
- The Watford Peace Hospice, which works to support people with life-limiting illnesses. The vast majority of its work is focused on empowering patients to achieve the best quality of life possible, through community work and at the hospice.

November 2020 marked the fifth anniversary of the 'Living Life Changing' programme. We celebrated by reflecting on how our employees' contributions over the five-year period have had a hugely positive impact on both them and our charity partners. We created a new internal 'Living Life Changing' video, featuring testimonies from staff and partners who have taken part in the programme, and shared a series of 'Get to Know' videos from our charity partners. We also showcased 'Living Life Changing' on internal radio to celebrate its success to date and to encourage even greater employee engagement.



**"As for many charities in the UK, 2020/21 proved to be an incredibly challenging year for The Conservation Volunteers. Through our long-term partnership with Camelot and their ongoing commitment to volunteering with us, we are able to continue supporting community projects and green spaces right across the UK."**



In a year dominated by Covid-19 – and the need to keep everyone safe – regular volunteering opportunities were limited. Despite this, we are proud that we've maintained our annual contribution payments to all three of our charity partners this year, providing them with much-needed financial support at a time when their usual fundraising options have been significantly curtailed.

We've also continued to support them in other ways wherever possible, including supporting Watford Mencap's annual Santa Dash and The Watford Peace Hospice's virtual Starlight walk, as well as judging the hospice's online dog show, 'Paws for Peace'. As restrictions begin to ease in the coming year, we are looking forward to our employees being able to resume their volunteering activities.

Douglas Palarm, Head of Corporate Partnerships at TCV

## COMMUNITY INVESTMENT (CONTINUED)

*"Our partnership with Camelot is more than a partnership. Camelot is part of the Peace Hospice Care family.*

*"With Camelot's head office being in Watford, it means so much to us that they choose to support local charities like ours. Everyone at The Watford Peace Hospice is proud to say that Camelot are our partners and we always look forward to our Camelot volunteering days. Their positivity, caring nature and 'can do' approach is always humbling. There is a spring in everyone's step when Camelot is in!"*

*"We've learnt over the years that many Camelot employees have had family or friends who have used our hospice services, and so it's hugely rewarding when they can give back to other people who are facing challenging times. Our mutually beneficial partnership means we are also learning from Camelot employees – for example, on how we can improve our digital marketing and engagement.*

*"Like many other charities, the Covid-19 pandemic has thrown huge challenges our way. But Camelot has remained by our side and continued to support us, and for that we'll be forever grateful."*

Gemma Norris, Senior Fundraising Manager at The Watford Peace Hospice

**"Watford Mencap has been fortunate to benefit from the generosity of time and knowledge shared by teams from Camelot. They've always been happy to throw themselves into activities to help local people with a learning disability and we've missed them while they've not been able to visit due to lockdown restrictions. We are looking forward to the coming year when we will hopefully be able to work together on some exciting volunteering projects."**

Michelle Hamilton, Fundraiser at Watford Mencap

As well as through volunteering, our employees can interact positively with charities and communities through our match funding scheme. Staff can claim up to £500 per year to match the funds they've raised while carrying out their own fundraising activities and events. In 2020/21, these included a wide variety of virtual activities, ranging from sponsored walks, runs and bike rides to live concerts and Christmas jumper days – resulting in them raising more than £39,000 through match funding.

Our employees can also support charities through our Give As You Earn payroll scheme, which enables them to donate to any charity of their choice through their salary every month. In 2020/21, they contributed over £6,200 through the scheme, which we enhanced during the year by allowing them to also choose to use their match funding allowance to double their giving by up to £500.

	2018/19	2019/20	2020/21
<b>VOLUNTEERING</b>			
Total hours volunteered	1,215	2,052	N/A due to Covid-19
<b>MATCH FUNDING</b>			
Total raised and matched through our match funding scheme	£35,200	£89,777	£39,095
<b>GIVE AS YOU EARN</b>			
Total donated through our Give As You Earn scheme	£5,900	£5,200	£6,237

## INFORMATION SECURITY AND PRIVACY

The past year of lockdown has brought a unique set of challenges for both information security and privacy. Having the vast majority of employees working from home meant that our policies and processes needed to be reviewed – for example, we needed to ensure that our Contact Centre staff working from home were able to do so in rooms where they could shut a door when taking calls from players to minimise the risk of being overheard.

We also reinforced key messages to take into account the particular challenges that employees have faced, as well as to ensure that we maintain compliance with our legal, regulatory and business requirements.

In addition to these tactical challenges, the last year saw us continue to develop our strategic approach to information security and privacy.

As part of this, we successfully maintained compliance with the international standard for Information Security Management (ISO/IEC 27001), the lottery-specific World Lottery Association Security Control Standard (WLA-SCS), and the Payment Card Industry - Data Security Standard (PCI-DSS).

We also chair the World Lottery Association's Security and Risk Management Committee, the EuroMillions Security Working Group and contribute to the National Cyber Security Centre's 'Industry 100' scheme.

Throughout the year, we maintained a particular focus on maturing our third-party security and privacy risk management framework, driven by the adoption of new privacy management software. These improvements were coupled with the introduction of further rigour into our processes, heightened governance and oversight across the business. We also established a dedicated Privacy Team, together with a network of Privacy Champions – representing all areas of the business.

Our plans for the coming year revolve around activities to build on the progress already made to ensure that information security and privacy remain a key focus for the remainder of the current National Lottery licence period. We will also remain ready to respond to changes in the legislative and regulatory environments around advertising technology (Ad Tech) and electronic marketing.

## ENVIRONMENTAL IMPACT

**As a responsible company, we are fully aware of the corporate and societal need to minimise any negative environmental impact from our operations and increase the positive impact we make. And, despite the significant bearing that Covid-19 had on our business throughout the year, we made some progress in terms of our environmental impact and will be in a position to advance our plans further in 2021/22.**

Our main priority during the year has been the safety and wellbeing of our employees. We therefore carried out a great deal of work to make our offices Covid-secure to ensure that they were safe – both for those business-critical workers who have needed to be in one of our physical locations throughout in order to carry out their duties and in readiness for the larger number of people who will return in a controlled way when the time is right.

The fact that the vast majority of our employees continued to work from home over the course of the year has had a positive effect on our environmental impact in terms of the reduction in travel to our offices. Likewise, our Retail Sales Team wasn't out in the field, travelling between retailers, for much of the year. The low occupancy levels in our offices have also had a positive bearing on our water, electricity and gas usage, which are all considerably lower than in previous years.

Although the pandemic affected our access to supplies, making it difficult to purchase the most environmentally friendly products for use in our offices, we endeavoured to keep the environment at the heart of our activities. During the summer, for example, we issued sets of reusable bamboo cutlery to all staff. Any critical workers needing to work from an office were encouraged to use them and, as greater numbers return to the office in the coming year, we plan to remind and encourage all staff to use their reusable cutlery sets.

We've continued to replace standard light fittings with more efficient LED lighting and have upgraded four old air conditioning units in our data centre. The new units give a significantly better output and reduce our carbon footprint. We also replaced two chiller coils on the system cooling our data centre to further increase our energy efficiency.

In our head office, we recycle 100% of glass waste, as well as all of our dry mixed recycling. Our recycling supplier uses a polymer plant that converts waste plastic, such as milk bottles and yoghurt cartons, into pellets for reuse. Our general waste is converted into fuel used to power energy plants. Our food waste is taken to an anaerobic digestion plant where it is converted into gas and then electricity. After the process, the residual waste sludge is given to local farmers for compost.

As well as working to reduce our environmental impact in our office locations, we've been working hard in our distribution centre, investigating and implementing more environmentally friendly alternatives to our product packaging and waste removal. In July 2020, we changed our distribution centre waste removal contractor – of the 48.78 tonnes of material sent since then, an impressive 91% of it has been recycled, with 6% used for fuel.

We also moved to using Scratchcard distribution bags made with 30% post-consumer waste material and we implemented the application of Forest Stewardship Council (FSC) markings on all of our product packaging. In addition, all of our pallets are either returned to the supplier for re-use or collected by a local pallet recycler.

In the coming year, we plan to change our waste contractor at our head office, so that we can mirror the achievements at our distribution centre. This will allow us to recycle a much higher proportion of waste, including coffee cups, coffee grounds and food waste. We will also be looking to participate in the waste-to-energy scheme, where waste is used as a fuel to generate power. Under the scheme, energy plants burn municipal solid waste to produce steam in a boiler that is then used to generate electricity.

We are also planning to install car charging points at our offices in Watford, Northampton and Liverpool, in support of the national move towards encouraging greater electric car use.



CERTIFIED  
SECURITY CONTROL STANDARD



## ENVIRONMENTAL IMPACT (CONTINUED)



In September 2020, we became the proud new sponsor of Watford Borough Council's 'Beryl Bikes' scheme as part of our work to help drive down carbon emissions in the local area.

Under the three-year sponsorship, a Beryl bay has been installed at our head office to encourage our employees to cycle all or part of their journey to work. With a mix of 300 pedal and e-bikes available – each carrying the Camelot logo – and some 65 bike bays around Watford where people can pick up and drop off a bike, 83% of the town's population are now within a five-minute walk of a bay.

In offering a sustainable, affordable and healthy form of travel, the bike share scheme makes cycling accessible and encourages people to leave their cars at home. In turn, this creates positive change – with reductions in CO<sub>2</sub> emissions and traffic congestion, as well as improvements to people's health and wellbeing.

In the year since the scheme first launched – a period in which many people have rediscovered the benefits of cycling – more than 90,000 journeys have been taken and 359,000 kilometres covered throughout the town. This equates to over 59,200 kilogrammes of CO<sub>2</sub> saved, helping Watford become a more sustainable and greener town.



## ENVIRONMENTAL IMPACT (CONTINUED)

### OUR TOTAL CARBON FOOTPRINT

We reduced our total carbon footprint in 2020/21 by 28% – or 651 tCO<sub>2</sub>e – to 1,642 tCO<sub>2</sub>e.

Year	2018/19	2019/20	2020/21
tCO <sub>2</sub> e	2,176	2,293	1,642

We also made significant reductions in our Scope 1, 2 and 3 totals this year:

Year	2019/20		2020/21	
	Activity	Energy (kWh) Emissions (tCO <sub>2</sub> )	Energy (kWh) Emissions (tCO <sub>2</sub> )	Difference
Scope 1 Total		957	874	-83
Natural Gas	1,553,597	286	1,319,468	243
Company Cars	2,804,831	671	2,602,380	631
Scope 2 (Location Based) Total		1,214	757	-457
Electricity (Location Based)	4,749,334	1,214	3,244,858	757
Scope 3 Total		122	11	-111
Hire Cars	127,002	19	24,738	6
Personal Vehicles	432,325	103	19,392	5
Total Carbon Footprint	9,667,089	2,293	7,210,836	1,642
Emissions per £million of gross ticket sales (tCO <sub>2</sub> e)		0.29	0.20	0
Water (M3)	18,663		11,467	-7,196

### QUANTIFICATION AND REPORTING METHODOLOGY

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

Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hour/automatic meter reading data, where available. For supplies where complete 12-month

energy usage data wasn't available, flat profile estimation techniques have been used to complete the annual consumption.

Transport mileage and/or fuel usage data is used for our company and employee-owned vehicles. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK government's GHG conversion information.

## WORKING IN PARTNERSHIP

Working in collaboration with others helps us to keep learning, informs our – and others’ – thinking and challenges us to continue to develop. We work with a wide range of organisations, including:



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



The **Advisory Board for Safer Gambling** aims to achieve a Great Britain free from the consequences of gambling-related harms. It acts as the Gambling Commission's expert advisor, and sets the National Strategy to Reduce Gambling Harms and the priorities for research, education and treatment.



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



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





Anything but  
ordinary

## OUR PEOPLE



**We want Camelot to be a place where our people can thrive – with a diverse and inclusive workforce who feel proud about the work they do, valued in their roles and engaged to be their best.**

**We therefore work hard to create a culture, environment and processes that are inclusive, doing everything we can to make our people feel that their voice is heard and continuously looking at how we can further enhance our employee offering.**

From a business perspective, we've had a phenomenal year with another record-breaking sales performance. A major factor behind this success was, without doubt, the activity we carried out to look after and meet the needs of our employees to enable them to continue delivering work that is changing lives for the better across the whole of the UK.

In what was an extraordinary year for all of our staff, focusing on their health and wellbeing was our key priority as we navigated through the pandemic. We took great strides in developing our engagement strategy, helping everyone to connect virtually and to continue operating in a business-as-usual rhythm. We also elevated our inclusion agenda to ensure that they feel that they can bring their whole selves to work.

Our response to Covid-19 was swift and decisive. From the very first day of lockdown, we had re-prioritised our plans to focus on the pandemic to ensure that we had an agile approach to what was most important to both our employees and us as an organisation.

We moved to working from home very quickly for the vast majority of staff and hired more than 150 new starters while re-engineering our onboarding programme to be fully virtual. And, in partnership with our Business Resilience Team, we ensured that our working environments were Covid-safe for the small number of workers who needed to be in one of our physical locations in order to carry out business-critical duties or for wellbeing reasons.

We used video updates from our CEO every two to three weeks throughout the year to keep everyone informed about our business performance and news, and regularly communicated information and advice about working from home and the importance of prioritising health and wellbeing. Our Chairman also featured in a number of video updates for staff during the year.

From employing a genuine and effective listening strategy to firmly establishing Camelot as 'a place to be you', we've ensured that, despite all of the unprecedented challenges thrown up by the pandemic, we've stayed connected as an organisation and continued to provide a truly supportive environment for all.

In the coming year, our key focus will be on welcoming all employees back into our offices in a controlled way when the time is right. We'll continue to follow government guidelines and advice, keeping the health and wellbeing of our staff as our number one priority. As part of this, we'll be working with them to agree plans about what future ways of working look like in terms of flexible working arrangements.

**OUR PEOPLE (CONTINUED)**

## EMPLOYEE FORUM

Elected by their peers, our Employee Forum is a group of passionate, dedicated people from across the business that represents employees' opinions and views about any aspect of working for Camelot, and offers help and advice on a wide range of work-related topics. Forum members represent seven business constituencies – ensuring that every area of the organisation has at least one representative.

Chaired by a member of the Executive Team, the forum discusses current topics or issues, seeks to resolve any problems, and ensures that the company listens to the views of all staff and considers these when making decisions. In addition, Jennelle Tilling, one of Camelot's independent non-executive directors, has specific responsibility for engagement with employees.

With most people continuing to work from home over the course of the year, the forum played an even more important and invaluable role in 2020/21 in gathering and sharing feedback on our ways of working, and delivering a clear and effective channel of communication between staff, managers and our Executive Team.

To keep everyone connected, it moved its meetings from once every other month to once every other week – ensuring that employees continued to feel heard in a wide range of matters that are important to them, including home working environments, health and wellbeing, and the latest government Covid-19 guidelines.

The group also launched a new monthly newsletter, *Camelot Connected*, to keep everyone updated on its work, and to share tips and advice from different areas of the business to keep teams engaged and motivated.

## EMPLOYEE ENGAGEMENT

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

Building on our overall engagement score of 90% in 2019/20's annual engagement survey – which was a record high – we're proud that we performed even better and achieved an engagement score of 92% in our most recent pulse survey in December 2020.

Quarterly pulse surveys give us a more frequent measure of engagement across the business, and give us an accurate sense of how we're doing as we continue to make improvements in areas such as our culture and values, diversity and leadership.

Given all of the uncertainty and challenges that our people have faced over the last year, we were also proud to see that so many employees feel so supported in their work. 89% of people told us that they believe their line manager does enough to support their health and wellbeing at work, and 85% feel that they have high-quality conversations about their performance. In addition, 92% of staff told us that they can be themselves in their teams, while 96% believe that Camelot is well led.

With so many people completing the survey, we're confident that the results provide an accurate indication of how our employees are feeling. But we realise that we have more work to do and are committed to building on the hugely encouraging levels of engagement that we've seen this year. We'll therefore be looking in detail at the areas for improvement that were identified in the survey, and building action plans at team and departmental levels to make sure that we address them in the coming months.

To round off a remarkable year, we were thrilled to once again be named as one of the UK's top companies to work for at the 2021 Best Companies Awards. We were placed 10th in the Best 100 Large Companies – up from 35th last year – and retained our '3 Star' accreditation, the highest standard achievable and which recognises organisations that truly excel and have 'extraordinary' levels of workplace engagement. In achieving back-to-back '3 Star' ratings, we also improved on our score from last year – a huge accomplishment in such a turbulent year.



**"I'm absolutely delighted that we've been recognised on an incredible four Best Companies lists this year, and have moved up 25 places on the main list from last year. Of course, this hasn't happened by chance. A great deal of work has gone on around the business over the last few years to make Camelot one of the best places to work in the UK. And the fact that we were the only large company to receive a special wellbeing award this year just goes to show the positive impact our many employee initiatives are having on our people. I'd like to say a massive thank you to our superb People Team and the many advocates around the business, whom we're fortunate to have working for us."**

Nigel Railton, Camelot CEO

As well as being recognised as one of the Best 100 Large Companies, we received three further accolades – placing third in the 'East of England' list, third in the 'Leisure & Hospitality' list and first in the list of 'London's 75 Best Large Companies'. We were also the only large company to receive a special wellbeing award – celebrating our commitment and the work we've carried out to look after our people.



Building on our overall employee engagement score

## EMPLOYEE DEVELOPMENT

We are committed to ensuring that all of our employees are able to meet their full potential, and strive to offer them learning and development opportunities throughout the year.

Having changed our approach to employee performance in 2019/20, we continued to develop our work in this area last year, with a more continuous focus on performance that features quarterly check-ins designed to review objectives and development more regularly. We also ran sessions for all of our employees to help support and facilitate these conversations, and saw strong results after measuring our progress using our engagement surveys.

Despite the impact of the pandemic, we continued to run an exciting programme of learning aimed at offering development for all, including internal coaching matching, team development sessions and inspirational speakers. And, building on the successful series of high-energy 'Learning Weeks' we ran in 2019/20, we held more of these events over the course of the last 12 months to keep everyone excited and inspired about learning, and moved them to be fully virtual.

We once again planned and themed the weeks around key events that resonate with us as a company. For example, in May 2020, our Learning Week was focused on wellbeing, in line with Mental Health Awareness Week, while November's Learning Week shone a spotlight on developing people's strengths and personal growth – an event that was held over two weeks in response to demand.

We also launched the 'Jan Plan' – a month-long event focusing on setting staff up for success in the New Year. In addition, we facilitated a wide range of senior leader development events, ran bespoke team development activities, provided a variety of coaching sessions and established a learning bursary.

The shift to virtual learning and development seems to have benefited many of our employees, with our virtual learning events proving to be just as popular as our more traditional 'in person' offerings. The feedback has been overwhelmingly positive, with 75% of people feeling that they can develop at Camelot. This score is in line with the previous year's score, and is 18% ahead of industry benchmarks – a fantastic achievement given that all of our learning has moved to being delivered virtually.

## APPRENTICESHIPS

Following last year's successful launch of 'Lead Your Way' – an apprenticeship partnership with local partner West Herts College designed to develop management and leadership skills – we now have 53 people studying for either Level 3 Team Leader or Supervisor or Level 5 Operations or Departmental Manager apprenticeships. In addition, 16 people have recently qualified, with most gaining either merits or distinctions.

We've also continued to expand our apprenticeship offering, and are now supporting 18 people to achieve a wide range of apprenticeships, including qualifications in HR, Coaching and Project Management. This takes the total number of people who have completed or are studying for an apprenticeship at Camelot to 87.



## DIVERSITY AND INCLUSION

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

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

We have a number of established employee networks at Camelot – including our Women's Network, our Pride Network, our Parents Network and our Culture Network. All of these communities have the autonomy to connect and engage with the organisation on matters that are important to them – whether that's building awareness and education, celebrating the rich tapestry of our workforce, or driving change and action within our business.

In September 2020, we launched our first ever 'Place To Be You' week, in line with National Inclusion Week. This very successful event featured panels run by our networks, guest speakers on parenting, female leaders, and sessions on topics including cultural events and neurodiversity.

Like most other organisations, we also reflected on the death of George Floyd and the Black Lives Matter movement. We've been running focus groups and team sessions to talk about race in the workplace, with the insightful and powerful discussions helping us to consider what more we can do as an inclusive employer to respond in a positive way.

One output has been the establishment of an organisation-wide working group, tasked with implementing a three-year plan for Camelot, as the operator of The National Lottery, to ensure that the brand truly reflects the diversity of its players and the hundreds of thousands of Good Cause projects they help to fund across the UK.

As at 24 June 2021, 44% (four of the nine members) of the Board are female, compared with 14% (one of seven) as at 1 April 2018, 38% (three of eight) as at 27 June 2019 and 50% (four of eight) as at 25 June 2020. Similarly, as at 24 June 2021, 25% (three of the 12 members) of the Executive Team are female, compared with 23% (three of 13) as at 1 April 2018, 27% (three of 11) as at 27 June 2019 and 25% (three of 12) as at 25 June 2020. The gender balance of those in senior management (ie the Executive Team and their direct reports from grades 3 to 5) was 67/33% male/female as at 5 May 2021, consistent with 64/36% as at 1 April 2018, 64/36% as at 30 May 2019 and 64/36% as at 11 May 2020.

## GENDER PAY GAP

As of April 2020, we employed 954 members of staff who fell within the gender pay gap reporting criteria. This compares with 822 employees in 2019.

Based on our payroll in April 2020, we had a mean gender pay gap of 24% and a median gender pay gap of 24.8%. And, based on bonuses paid in the year to 5 April 2020, we had a mean gender bonus gap of 55.6% and a median gender bonus gap of 23.5%.

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

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

However, we're pleased to report that we've been making further progress in this area – with a reduction in the percentage of women in our Lower Pay Quartile, as well as an increase in the percentage of women in both our Upper Middle Pay and Upper Pay Quartiles.

We've also seen improvements to both our mean and median bonus gaps, with the mean bonus gap reduction being particularly noticeable. In addition, while a slightly higher percentage of men than women received a bonus payment in 2020, well over 60% of both men and women received a bonus.

We're therefore confident that our longstanding measures – combined with a number of initiatives we've introduced more recently – are continuing to have a positive effect. But, while we're pleased with the improvements we've seen so far, there continues to be much more that we can do to address our gender pay and bonus gaps.

We remain fully committed to improving on this year's figures and reducing the gaps over the long term – and, in the coming year, we'll carry on building on the encouraging progress that we've made to date.

# Our Values

**OUR VALUES UNDERLINE WHAT WE STAND FOR AS A BUSINESS. THEY SET OUT WHAT IS IMPORTANT TO US AND THE BEHAVIOURS THAT EMPLOYEES SHOULD DEMONSTRATE. THEY GUIDE OUR ACTIONS AND DECISIONS, AND PROVIDE A FRAMEWORK FOR US TO TALK TO EACH OTHER ABOUT HOW WE BEHAVE. WE CONTINUE TO ENCOURAGE ALL OF OUR EMPLOYEES TO LIVE OUR VALUES IN THEIR DAY-TO-DAY WORK.**

### Delivering together

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

### Operating with integrity

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

### Taking ownership

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

### Thinking differently

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

### Celebrating success

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

## OUR BOARD

At 31 March 2021, our Board comprised eight members: the Chairman and Deputy Chairman, three further independent Non-Executive Directors, one Non-Executive Director (an officer of Ontario Teachers' Pension Plan) and two Executive Directors (the Chief Executive Officer and the Chief Financial Officer).

### SIR HUGH ROBERTSON KCMG PC DL

#### Chairman

Sir Hugh was appointed as the Chair of Camelot in June 2018. He is independent of Ontario Teachers' Pension Plan and was independent at appointment. He is also Chair of the British Olympic Association, an organisation he helped lead to its largest-ever medal haul at the Rio 2016 Olympic Games and to its largest-ever medal total at a Winter Olympic Games in PyeongChang in 2018.

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

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

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



## OUR BOARD (CONTINUED)



### ROBERT WALKER

#### Deputy Chairman & Senior Independent Director

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

Robert started his career at Procter & Gamble before moving to McKinsey & Company. He then went on to spend more than 22 years at PepsiCo, where he was President, responsible for the company's businesses in Europe, the Middle East, Africa and South Asia, before moving to Severn Trent from 1999 to 2005 – holding the position of Group CEO from 2000 to 2005. He has also held a number of non-executive director roles at a wide range of companies. These have included Wolseley, BAA, Tate & Lyle, Signet Group and Thomson Travel.

### NIGEL RAILTON

#### Executive Director

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

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

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

### JANE ROWE

#### Shareholder-Nominated Non-Executive Director

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

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

### NICK JANSA

#### Shareholder-Nominated Non-Executive Director

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

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

### CLARE SWINDELL

#### Executive Director

Clare joined Camelot in 2017 as Chief Financial Officer (CFO) and was appointed to the Board in September 2019. She joined the company from dunnhumby, where she was Group CFO for three years and led a number of key projects, including a major finance transformation programme. Prior to dunnhumby, Clare had a successful and varied career at Tesco – with over 17 years in both finance and operational roles, including positions in strategy and commercial, CFO for Tesco.com and Group Audit Director.

### ROB ROWLEY

#### Independent Non-Executive Director

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

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

### JENNELLE TILLING

#### Independent Non-Executive Director

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

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

### GILL WHITEHEAD

#### Independent Non-Executive Director

Gill joined the Board in May 2019. She brings expertise in digital, data analytics, and consumer and customer insight, latterly at Google where she spent four years as Senior Director, leading their Client Solutions & Analytics and Market Insights teams. She is currently conducting research at Oxford's Internet Institute into the uses of data and AI in business.

Prior to joining Google, Gill was an Executive Committee Member, and held roles as Director of Audience Technologies & Insight and Director of Strategy & Corporate Development, at Channel 4 Television Corporation. Prior to that, she held a number of senior executive roles at the BBC.

Gill is currently a Non-Executive Director at Informa plc, and is a former Non-Executive Director at the Financial Ombudsman Service and at YouView Television Limited. She started her career at the Bank of England and then Deloitte Consulting, and is a Fellow of the Institute of Chartered Accountants and a graduate in Econometrics.

## OUR EXECUTIVE TEAM

### Our Executive Team



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

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

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

commitments. This saw Camelot complete the largest and fastest lottery upgrade of its kind in the world. He then became Group Chief Financial Officer and Strategy Director in 2010, securing a four-year extension to Camelot's UK licence.

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#### NEIL KELLAR

Chief Information Officer

Having previously worked for Camelot from 2003 to 2016 – including nine years as IT Director – Neil re-joined the Executive Team in 2017 as Chief Information Officer. He has additional responsibility for a number of Business Operations functions, including the Contact and Distribution Centres, Facilities, and Draw and Winner Services. Neil's earlier career saw him work at a number of blue chip companies, including HSBC, Penguin Books Publishing Group and Daimler Chrysler.



#### NEIL BROCKLEHURST

Commercial Director

Neil joined Camelot's Executive Team in 2018, and oversees the company's Commercial function with responsibilities including e-and m-commerce, draw-based games and Instants portfolio management, as well as management of the Retail and Transformation functions. Prior to that, he was Managing Director of Camelot Global, where he ran both the European and North American businesses. Neil was also a key part of the team that successfully secured the contract to become the private manager of the Illinois Lottery.

## OUR EXECUTIVE TEAM (CONTINUED)



**RACHEL KING**  
People Director

Rachel joined Camelot as People Director (previously Group HR Director) in 2016 and is responsible for leading the company's people strategy. Prior to joining Camelot, she spent a number of years in senior HR roles in the media sector, including Group HR Director of Trinity Mirror and HR Director at Hearst Magazines. Rachel has led the HR functions of a number of organisations, helping their business models to evolve following significant changes in technology and consumer behaviour.

**KEITH MOOR**  
Chief Marketing Officer

Keith joined Camelot in 2019 as Chief Marketing Officer (CMO), and is responsible for the company's Marketing and Brand activities. He has additional responsibility for Customer Experience and Corporate Social Responsibility, including healthy play and player protection. Prior to joining Camelot, Keith worked for Santander as CMO and was a member of its UK Executive Committee. He is a Fellow of the Marketing Academy, Council member and Treasurer of ISBA, and Board member of the MMA EMEA. He is also a Non-Executive Director of the Marketing Society.

**MATT RIDSDALE**  
Executive Director

Matt joined Camelot in 2017 and leads the Corporate Affairs department, which is responsible for enhancing and protecting the reputation of Camelot and The National Lottery, and engaging with key stakeholders. Matt was previously joint CEO of Tavistock, a leading communications consultancy, where he led the team in advising companies and individuals on strategic corporate and financial matters.

**GABY HEPPNER-LOGAN**  
Director of Regulatory Affairs

Gaby joined Camelot in 2018, and is responsible for leading the Regulatory Affairs function and relationship with the Gambling Commission. She has extensive experience in regulatory and corporate affairs in telecoms, and was BT Group's Regulatory Director for seven years. Prior to this, Gaby led marketing, communications, employee engagement and corporate social responsibility teams at Openreach, BT and Cable & Wireless.



**JOHN DILLON**  
Legal Director and  
Company Secretary

John is a solicitor and joined Camelot in 1998 as a Legal Adviser, becoming Deputy Head of Legal in 2004, Head of Legal in 2009, Company Secretary in 2010 and Legal Director in 2012. As Legal Director, John is responsible for Camelot's legal strategy, which includes ensuring that all Camelot Group companies receive the necessary legal advice to identify and mitigate all material legal risks associated with their operations. As Company Secretary, he is responsible for advising the Board on all governance matters and other administrative duties relating to the Board, its Committees and the company's compliance with company law requirements.

**MIKE O'DONOHUE**  
Chief Data Officer

Mike joined Camelot in 2016 and has spent over 20 years working at the intersection of strategy, behavioural science and advanced analytics – and is passionate about the power of data science to reshape customer experience and organisational decision-making. As Camelot's first Chief Data Officer, Mike has made data a Board-level priority, elevated data-driven decision-making to be a core operating principle, and developed a big data and advanced analytics strategy. He previously worked at British Gas, Tesco and McKinsey & Company.

**TIM HALDENBY**  
Chief of Staff

Tim joined Camelot's Finance Team in 2000 and has worked on a number of key projects, including the successful bid for the third National Lottery licence and the sale of Camelot to Ontario Teachers' Pension Plan in 2010. In 2014, he joined Camelot Global as Head of Strategy before re-joining the UK business in 2018 as Chief of Staff, responsible for ensuring that the Executive Team successfully delivers Camelot's plans.

**ANDY NICE**  
Transformation Director

Andy joined Camelot in 2017 to shape and implement its Operational Excellence programme, which has successfully delivered a series of enhancements across a wide range of business functions. He became Transformation Director in 2017, responsible for devising and managing the company's Strategic Delivery Plan – a three-year initiative aimed at delivering further improvements across the business, including commercial developments, retail growth and integrity.

# Resilient and flexible



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## STRATEGIC REPORT

### The directors present the Strategic Report of Camelot UK Lotteries Limited (the 'Company' or 'Camelot') for the year ended 31 March 2021.

#### Business Review

Camelot delivered a fourth successive year of sales growth, with gross ticket sales growing by £468.8m (6%) to £8,373.9m. Returns to Good Causes were also in growth versus the prior year, increasing by £56.8m (3.3%) to £1,786.8m from ticket sales alone. Growth over the year was primarily driven by digital channel growth, especially across online Instant Win Games and two exceptional EuroMillions Super Minimum Jackpot Guarantee ("SMJG") roll series. Digital growth was accelerated in the year due to Covid-19, which saw restrictions on players' mobility and access to The National Lottery retail outlets, and led to a shift of players to our online platforms.

During the year, Camelot successfully delivered a number of key initiatives, in line with its strategic plan which was adapted with the advent of Covid-19, including:

- further adaptations of the 'Your Numbers Make Amazing Happen' brand campaign, driving relevancy during the crisis, including campaigns highlighting:
  - the initial £300m National Lottery Community Fund relief package (April);
  - the upgraded £600m cross-distributor relief package (May); and
  - the £30m a week raised for Good Causes (September), including a joint activation with the wider National Lottery family celebrating those who had helped their communities during the pandemic;
- a new Lotto communications campaign bringing back the iconic "It could be you" strapline; and
- the launch of the Lotto 'Must Be Won' Rollover mechanic enhancement (November).

Following the significant investment in the Retail Sales Team made in the previous two years, Camelot continued to focus on delivering excellence in retail and, as a result, grew retailer satisfaction and maintained high levels of 'in-store' standards, despite the field sales team having to adapt to working from home during the national

lockdowns. The Company continued its rollout into new retail distribution channels (Aldi and Iceland), which, although having been delayed marginally due to Covid-19, remain a high priority for Camelot and are on track for completion by the end of July 2021. As a result of the pandemic, the retail channel saw a decline year on year, with total in-store sales of £4,864.4m (2020: £5,447.6m), a decrease of £583.2m. More positively, weekly retail sales recovered in the later part of the year and are now almost back to pre-Covid levels.

The Company benefited from significant growth across its digital channels, particularly with many players migrating from retail as a result of Covid-19, with total sales growing by £1,052.0m (42.8%) to a record £3,509.5m (2020: £2,457.5m). The National Lottery now has an active player base of more than 9.7 million players (2020: 7.6 million), with average weekly players growing by 54%. As part of the growth over the year, Camelot grew mobile sales to an all-time high of £2,481.9m (2020: £1,605.5m), with sales through mobile web and apps growing by 54%, and delivering another year of record-breaking sales levels. Underpinning the mobile app growth was the launch of a new app home screen with personalisation, leveraging machine learning to serve more relevant games to players based on their play behaviour.

This year's sales have also been positively impacted by record sales of £3,683.2m across The National Lottery's range of in-store Scratchcards and online Instant Win Games (2020: £3,368.0m). This is also despite our decisions to remove the £10 price point in the Company's Scratchcard range in September 2019 and the £10 price point in the Company's Instant Win Game range in July 2020. These decisions to remove games at the £10 price point were taken as precautionary measures after healthy play research suggested that these games may have over-indexed among problem gamblers. This action underlines Camelot's commitment to healthy play and ensuring that The National Lottery is the safest place to play.

#### Business Review (continued)

This year's sales results include the impact of the Covid-19 pandemic, covering a period of uncertainty, with the economy, and many National Lottery players, benefiting from government support initiatives to reduce the impact of the pandemic. Thanks to the solid foundations that Camelot has put in place over the last four years and the speed at which it has been able to respond to the constantly evolving situation, sales exceeded original expectations at the onset of the pandemic, proving the Company's resilience and ability to adapt and adjust. Given that the pandemic was still ongoing at the end of the financial year, Camelot continues to prepare its operations for further disruption and change in 2021/22 but, given its proven track record in this financial year, maintains a positive outlook, while recognising the inherent uncertainty surrounding its future performance from the ongoing impacts of the pandemic and the timing of the removal of the various government measures which have supported the economy through the pandemic in 2020/21 and into 2021/22.

#### Strategy and Outlook

Camelot's mission is to change lives – of the winners created through its games, and the people and projects supported by National Lottery funding. The Company achieves this through growing sales in a socially responsible manner, which, under the aligned model set out in the third licence, maximises returns for National Lottery Good Causes and for Camelot's shareholder.

However, the Company's strategy aims to achieve objectives beyond sales growth and maximising returns to society. Camelot is a socially responsible organisation, maintaining high standards of player protection and corporate governance, as well as safeguarding its position as one of the most cost-efficient major lottery operators in Europe. The Company continues to deliver against its strategic plan across its three key pillars as follows:

##### 1. Delivering Brand-led Growth

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

Marketing will continue to play an important role in maintaining the relevance of National Lottery games to the people of the UK. In 2020/21, Camelot continued to deploy its brand-led marketing approach with its 'Your Numbers Make Amazing Happen' campaign, which aims to highlight the positive impact of The National Lottery on all facets of society.

Camelot also continued to work closely with the National Lottery distribution bodies and other key partners to deliver a clear 'One National Lottery' brand, which more effectively communicates the uniqueness of The National Lottery, raises awareness of the extraordinary good that it does and recognises the all-important contribution of players.

To support its strategy, Camelot has developed a view on the optimum level of marketing required to support The National Lottery brand and portfolio of games. In some cases, Camelot has sought investment from Good Causes to increase the level of available marketing to this optimum level, having demonstrated that Good Causes will receive a strong return on this investment. The total value of funding for marketing received from Good Causes was £59.2m (2020: £56.6m). Further marketing spend by Camelot was £104.7m (2020: £83.8m).

###### b) Improving its range of games to create an optimised portfolio of games that offers something for everyone

The Company maintained its longstanding focus on continuing to innovate and enhance across its portfolio of games. As a result, it succeeded in growing sales of all six of its draw-based games in 2020/21.

The increase was primarily driven by the Company's success in increasing Lotto sales, with November's enhancement of an additional cash prize of £5 for players for matching two main numbers in a 'Must Be Won' Rollover draw proving very popular and driving player excitement.

Set For Life, the most recent addition to the range of National Lottery draw-based games, is also continuing to perform very strongly and exceeding sales expectations, while changes that the Company made to offer people greater choice through a regularly refreshed selection of differently priced products with diverse themes resulted in record sales across The National Lottery's range of in-store Scratchcards and online Instant Win Games.

###### c) Continuing to invest in improving standards and engagement in retail, as well as expanding into new distribution channels in which people are now shopping

Camelot's significant investment in retail, announced in 2018/19, will continue as the Company seeks to build on the further improvements in retail standards and engagement that it has seen in the past three years. As the retail landscape changes, Camelot will continue to seek to expand into new distribution channels to keep pace with these changes, including in discounters and at self-checkout terminals.

## STRATEGIC REPORT (CONTINUED)

### Strategy and Outlook (continued)

#### d) Continuing to improve its digital services to give players an even better mobile and online experience

Digital remains an important source of growth, and Camelot has invested in – and will continue to invest in – developing a strong mobile platform, combined with enhancing and developing its marketing activities and capabilities for mobile and online players. The Company will also continue to build on the improvements it has made in the year to its customers' journey and experience, and will continue to further upgrade its customer relationship management systems.

#### 2. Putting Players at the Heart

Camelot's objectives of promoting healthy play and ensuring that The National Lottery is the safest place to play are critical to its overall business strategy. This year, the Company's activity has focused on:

- conducting an internal review of spend and play limits, which has resulted in positive changes being implemented. These included reducing the maximum weekly spend limit from £750 to £500, bringing down default session time reminders from two hours to one hour, and lowering the minimum wallet load amount from £10 to £5. The Company will also be implementing further limit reductions for those players identified as at-risk in 2021, and will continue to review the impact that these changes have on player behaviour;

- reviewing effective age-gating for its products, providing confidence that young people are not being exposed to games which are not suitable for them. Following the government's decision in December 2020 to raise the minimum age to play National Lottery games from 16 to 18 by 1 October 2021, the Company has carried out a major programme of work to implement all of the necessary changes across all its channels as quickly as possible, while ensuring that it maintained the very high standards demanded of The National Lottery. As a result of the excellent progress made by its dedicated project team, the age to play all National Lottery games changed to 18+ on 22 April 2021, a full five months ahead of the change in legislation; and

- behavioural analytics, which provide a powerful tool to help look at certain player behaviours and tailor communications to their needs. The Company's 'Know Your Customer' workstream combined insight from its behavioural analytics model, the healthy play terminal printouts in retail, and from looking at players who had hit some of their spend and/or play limits. As a result, new website pop-ups are now visible to players who reach any of their limits, raising awareness of the healthy play tools available and signposting players to the relevant account settings.

The Company believes this approach is having a positive impact on its players. The number and proportion of at-risk players playing via online channels is reducing month-on-month, and retailers have achieved a high percentage pass rate on excessive play knowledge checks, which measure whether they understand what to look for and what to do if they see someone who needs support.

The Company's healthy play communications have driven a significant increase in traffic to the responsible play webpages rising over the year, meaning that players are able to find information and support if they need it.

The Company believes that this approach aligns with the perspective of the Gambling Commission, the National Strategy to Reduce Gambling Harms, and differentiates Camelot and The National Lottery from other operators.

#### 3. Operating with the Highest Integrity

Maintaining high levels of trust in the operational integrity of The National Lottery requires continuous improvement and investment – both of which have played a core role in everything that the Company has delivered during the year. Camelot's overall aim is to continue to assure and improve the operational integrity of the business, and reduce both risk exposure and the likelihood and impact of incidents. To achieve this, there are four requirements:

- continuing to invest in cyber security to maintain the Company's capabilities in the face of evolving threats;
- continuing to invest in the resilience and performance of technology and systems as they reach the end of their lives;
- ongoing improvement in the maturity of the operational processes and control environment, with the continued automation of certain key processes and investment in data management; and
- embedding operational integrity into all operational aspects of Camelot's work.

### Key Performance Indicators (KPIs)

The Company's primary financial KPIs are gross ticket sales, returns to Good Causes, net income, profit after tax and operating cash flow. In addition, Camelot is required to maintain and report on specific non-financial key performance indicators assessing standards of performance on player accessibility, including terminal sales availability and the service provided to players. Failure to meet these specific non-financial targets can result in a breach of the operating licence. All of these KPIs are monitored on a regular basis by the Executive Team and Board.

In addition, they are submitted to the Gambling Commission as required. Further information on these KPIs can be found in the Financial Performance section below.

### Financial Performance

#### Gross Ticket Sales

Gross ticket sales for the year ended 31 March 2021 were £8,373.9m (2020: £7,905.1m).

Within this amount, sales for draw-based games totalled £4,690.7m (2020: £4,537.1m), an increase of 3.4%. Growth was delivered through strong Lotto base sales performance, continued growth of Set For Life, and an increase in sales of Instant Win Games following the shift of a proportion of players onto the Company's digital channels.

Sales from Instants games (Scratchcards and Instant Win Games) increased by 9.4% to £3,683.2m (2020: £3,368.0m). Scratchcard sales were impacted by the annualisation of the removal of all games at the £10 price point and Covid-19 related disruption in retail but, despite this, there was only a 2.9% year-on-year sales decline. The 49.7% growth in sales of Instant Win Games was achieved through the continued development of the Company's mobile app offering, improvements to the range of games, increased personalisation and increased traffic to the digital channels due to Covid-19.

Sales in retail were heavily impacted by Covid-19 and, primarily as a result of reduced player mobility and associated footfall, declined 10.7% versus the prior year. Conversely, for the same reasons, digital sales grew this year and as a result, increased as a proportion of overall sales, in line with Camelot's strategy, accounting for 41.9% of all sales (2020: 31.1%). As part of this, sales through mobile web and apps grew by 54%, with a record sales level

achieved across all digital channels, leveraging merchandising, promotions and CRM activities to retain players at an exceptional rate. Camelot operates the world's largest digital lottery in terms of revenue and, with over 9.7 million active registered players, national-lottery.co.uk is one of the top e-commerce sites in the UK.

#### Lottery Duty

Lottery Duty has remained at 12% of sales, and totalled £1,004.9m for the year (2020: £948.6m), surpassing £1bn for the first time in the history of The National Lottery.

#### Prizes

Total prizes increased to £4,854.7m in 2021 (2020: £4,505.0m). This represents 58.0% of sales (2020: 57.0%). Strong performance from Instants games, which offer higher prize payout percentages, contributed to the slight increase year-on-year as a percentage of sales.

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

Camelot continues to make every effort to locate the winners of unclaimed draw-based game prizes worth £50,000 or more, either via local or national publicity. Unclaimed prizes, which are paid to the NLDF, for the financial year amounted to 1.2% (2020: 1.6%) of sales and totalled £100.1m (2020: £123.1m), the year-on-year decrease predominantly driven by the shift of players to the Company's digital channels where prizes are automatically paid to players and players are known.

#### National Lottery Distribution Fund (NLDF)

The NLDF is the central fund from which the National Lottery distribution bodies draw funds for distribution to Good Causes. In aggregate, the total raised for Good Causes amounted to £1,887.5m, representing 22.5% of sales (2020: £1,853.1m; 23.4%) for the year.

This includes £1,786.8m (2020: £1,730.0m) in returns from ticket sales and other payments due from relevant income, as specified in the operating licence, and a further £100.1m (2020: £123.1m) in unclaimed prizes. This amount has been reduced by £59.2m (2020: £56.6m), which has been retained by Camelot for necessary marketing expenditure to support the long-term health of The National Lottery, as agreed with the Gambling Commission.

## STRATEGIC REPORT (CONTINUED)

### Financial Performance (continued)

#### National Lottery Distribution Fund (NLDF) (continued)

The amount of money returned to Good Causes is determined by the mix of games sold, as every game has a different percentage return. Draw-based games return more in percentage terms than Scratchcards and Instant Win Games. As a result, the changing sales mix between these products will result in a change in the percentage of sales that is returned to Good Causes.

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

Total Secondary Contributions for the year are £8.8m (2020: £6.1m), an increase of 44.2%. This is based on an 'adjusted profits' calculation as defined under the third licence.

#### Retailers' and Other Commission

Total sales, validation and other commissions for the year totalled £285.0m, representing 3.3% of total sales (2020: £312.7m; 4.0%). This includes both commission paid to retailers and bank fees paid on interactive sales transactions with the decline being in line with the sales split by channel.

The commission rate paid to retailers for Scratchcard sales is 6% and, for draw-based game sales, 5%. In addition, retailers receive 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. The Post Office is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment, the quantum of which is subject to meeting contractual commitments.

#### Net Income

Net Income for the year was £727.5m, up 0.8% on the prior year (2020: £721.5m), driven by this year's sales performance.

#### Gaming Systems and Data Communication Costs

Gaming systems and data communication costs decreased to £125.6m for the year (2020: £126.2m). These costs include the cost of maintaining software, terminals and the communications network, all expenditure associated with the purchase of National Lottery Scratchcard tickets,

point-of-sale and other consumables, together with the depreciation of gaming systems, terminal and data communications equipment.

#### Administrative Expenses

Administrative expenses were £228.8m (2020: £190.8m), and consisted of advertising and marketing expenditure, depreciation, impairment, staff, facilities and all other administrative costs. The increase was driven primarily by increases in marketing spend, which resulted in operating profit of £94.9m, a reduction of £0.8m compared with the prior year.

#### Finance Income and Costs

Net finance income during the year amounted to £0.3m (2020: (£0.7m) net finance cost). Finance income remained materially unchanged at £3.4m in the year (2020: £3.7m), and primarily consists of interest receivable from Premier Lotteries UK Limited on a £26.0m loan (2020: £26.0m). The finance costs of £3.1m decreased from the prior year (2020: £4.4m) due primarily to a reduction of interest costs on leases.

The average yield on investment was approximately 0.08% (2020: 0.54%). Strict controls apply to treasury operations, which are reviewed regularly. The Company's investment policy is approved by Camelot's Audit, Risk and Security Committee, and the Board. Funds are only deposited with banks which hold an investment grade credit rating by S&P, Moody's or Fitch, and which meet the Company's treasury policy criteria.

#### Profit

The Company's profit before income tax was £95.2m (2020: £95.0m). Profit after taxation for the financial year was £78.1m, just under 1.0% of gross ticket sales (2020: £78.1m).

#### Taxation

The corporation tax charge of £17.1m for the year (2020: £16.9m) represents an effective tax rate of 18.0% (2020: 17.8%). Further detail is provided in note 7 to the financial statements.

#### VAT

Sales of lottery tickets are exempt from VAT. Therefore, VAT is not normally recoverable on the Company's costs and is a charge against profits. The VAT cost for the year, including that arising on capital expenditure, was £48.3m (2020: £47.4m).

### Financial Performance (continued)

#### Dividends

The Company's profit for the financial year was £78.1m (2020: £78.1m), as disclosed on the Statement of Comprehensive Income on page 208. As detailed in note 8, total dividends paid in the year under review were £47.4m (2020: £80.2m), all of which was paid to the Company's parent company, Premier Lotteries UK Limited (PLUK), during the year and £7,000 to Fourmoront Corporation (2020: £7,000). The dividend payment is a financing mechanism to facilitate the term loan repayment from PLUK. As disclosed in note 29, a dividend was paid to PLUK in April 2021.

#### Financial Position at the Year End

The Balance Sheet reflects the continuing financial stability of the business. Net assets were £78.0m as at 31 March 2021 (2020: £47.3m).

The value of property, plant and equipment, right-of-use assets and intangible assets has decreased to £82.8m in the current year (2020: £110.6m). The decrease is due to the amortisation and depreciation of assets as the business approaches the end of the current licence when all of these asset classes will have a net book value of £nil.

Current trade and other receivables have increased to £574.2m from £537.7m in 2020, mainly due to the funds held to fund future prize payments.

The cash and cash equivalents balance of £185.2m is broadly in line with the prior year (2020: £181.4m).

Non-current financial liabilities and borrowings have decreased to £10.5m (2020: £21.5m), representing a reduction of the lease liabilities brought onto the balance sheet when implementing IFRS 16.

Current financial liabilities and borrowings have decreased to £11.3m (2020: £47.7m). This balance represents the current portion of lease liabilities. In the prior year, the balance included £35m of borrowings drawn down under the Company's Revolving Credit Facility, which was repaid in the year.

Current trade and other payables have increased to £762.0m from £732.9m in 2020, due to an increase in prize payment liability driven by the timing of prize claims.

#### Investment in Technology

During the current year, Camelot has maintained the infrastructure to run The National Lottery and, at the end of the financial year, 44,863 lottery terminals were in operation across its retail footprint (2020: 44,144).

The Company is committed to delivering new games, developing existing games, including new ways to play, and increasing one-to-one player communications. To meet these commitments, the Company continues to invest significant amounts in technology and in back office systems to support these initiatives and drive operational efficiencies.

Terminal sales availability, a key performance indicator monitored monthly by the Company's regulator, was 99.97% (2020: 99.94%), ahead of the operating licence target of 99.50%. In addition, system availability for playing games on the internet was 99.77% (2020: 99.95%), ahead of the operating licence target of 99.50%.

#### Cash Flows, Cash and Debt

Net cash generated from operations was £137.3m (2020: £198.7m). The decrease was due predominantly to a lower cash impact from movements in working capital than in the prior year, due mainly to the day of the week that the financial year end falls on.

Cash outflows primarily include dividend payments of £47.4m (2020: £80.2m), net taxation-related payments of £22.7m (2020: £24.5m) (including an element for group relief), £16.2m (2020: £15.7m) of investment in property, plant and equipment and intangible assets, and principal lease payments of £12.5m (2020: £16.8m). The closing cash balance was £185.2m (2020: £181.4m).

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

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

## STRATEGIC REPORT (CONTINUED)

### Financial Performance (continued)

#### Cash Flows, Cash and Debt (continued)

At 31 March 2021, Camelot had on deposit £10.8m (2020: £10.9m) of funds in a restricted cash trust account as a reserve for the protection of prize winners. Although Camelot cannot currently withdraw these amounts until the end of the third operating licence period, the interest on these accounts accrues to Camelot.

Camelot holds a Surety Bond with HCC International Insurance Company PLC to the value of £21.0m (2020: £21.0m). The provisions for Camelot to be able to satisfy its security for players' funds obligations under the licence, by way of a Surety Bond, are set out in Condition 19.3 of the licence.

The Company maintains a £55.0m committed Revolving Credit Facility, which was extended in March 2021 and runs until 31 October 2022. The amount drawn down under this facility at 31 March 2021 was £nil (2020: £35.0m).

### Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006

#### Overview

The Strategic Report is required to include a statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 during the year ended 31 March 2021 when performing their duty under section 172 of the Act.

Section 172(1) of the Companies Act 2006 states: "A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company."

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

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

Ontario Teachers' Pension Plan (OTPP) is Camelot's sole beneficial shareholder.

During 2020/21 (as in previous years), the Directors included among their number senior representatives of OTPP, others of whose staff also attended all meetings of the Board. The Directors, therefore, were (and continue to be) able to perform their duty under section 172(1) with unique and direct access to the perspectives and interests of its shareholder, which itself fully endorses and supports the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1)(a) to (f).

As all of the Directors are aware, the Chairman, the executive Directors and other members of the senior management team also continued throughout 2020/21 to have regular discussions with OTPP's staff on a variety of matters relating to Camelot's business outside the scope of formal Board activity.

#### The Likely Consequences of Any Decision in the Long Term

OTPP and the Directors take the view that Camelot should ensure as far as possible that The National Lottery will be best placed to continue to flourish after the expiry of Camelot's licence to operate The National Lottery – whether or not Camelot were to continue as the operator after that time. However, during 2020/21, the Directors' regard for the likely consequences of any decision in the long term in relation to their duty under section 172(1) was necessarily undertaken in the overarching context of the remaining period of Camelot's current licence. That context is reflected in the Directors' going concern and viability statements on pages 181 and 182 of this Annual Report and Accounts.

### Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

#### The Likely Consequences of Any Decision in the Long Term (continued)

Following the fundamental strategic review that was conducted during 2017, in October 2017 the Board approved Camelot's Three-Year Business Plan for the period 2018/19 to 2020/21, including its mission to change lives and its strategy to grow sales in a socially responsible way. The three-year plan was adopted in recognition that Camelot's licence to operate The National Lottery will (unless extended by the Gambling Commission for up to two additional periods of six months) expire on 31 January 2023. In May 2020, the Gambling Commission notified the Company of an extension of the licence by an additional six months until 31 July 2023. The last two years of the licence are still expected substantially to be focused on the transition to the next (fourth) licence beginning on 1 August 2023.

Under the governance arrangements approved by OTPP and the Camelot Board, Camelot's strategy and related business plans (setting out all significant product, channel, operational and organisational initiatives for each year) and the year's annual budget require the Board's express approval. Any additional business cases during the year relating to any significant game, channel or other operational changes above levels of investment or expenditure specified by the Board also require the approval of the Board.

Any such additional approvals during the year are supported by information and advice prepared for the Directors' consideration by Camelot's senior management, including as to how the relevant initiative will contribute to Camelot's strategy and business plans.

A Two-Year Business Plan for 2019/20 and 2020/21 (developed from the plan for 2018/19 and following the same mission and strategy) was therefore prepared by senior management and considered by the Board on an iterative basis at its meetings in September and December 2018. The plan was finally considered and approved by the Board at its meeting in February 2019. The associated Annual Budget and Annual Plan for 2019/20 were then considered and approved by the Board at its meeting in March 2019. The Annual Budget and Annual Plan for 2020/21

were considered on an iterative basis by the Board at its meetings in December 2019 and February 2020, and approved in February 2020.

Similar to previous years, the Directors were then able to monitor Camelot's performance against the 2020/21 Annual Budget and Annual Plan regularly throughout the 2020/21 year. Monitoring took place in respect of a range of detailed key milestones and performance indicators – by means of weekly and monthly reporting to Directors (and, in addition, others of OTPP's staff) of Camelot's performance against defined key milestones and performance indicators, and by a more detailed business update (which includes significant findings of post-implementation reviews of key initiatives) presented by the senior management team for scrutiny at each meeting of the Board throughout 2020/21. In light of the Covid-19 pandemic, in June 2020 the Board also considered and approved a revised Annual Budget and Annual Plan for 2020/21, which it then continued to monitor throughout the remainder of the year under review.

Taken together, these governance arrangements enable the Directors to assess on a continuing basis the extent to which the consequences of any particular decision are consistent with what was expected at the time it was taken, and, accordingly, whether it is appropriate to consider any corrective or alternative action (including all of the business initiatives referred to in the Chairman's Statement and Chief Executive's Review on pages 22 to 27 and 28 to 39 respectively).

#### The Interests of Camelot's Employees

Creating an environment that allows Camelot to attract and retain talent continued through 2020/21 as one of the key pillars of the 2020/21 Annual Plan, which the Board monitored on a regular basis throughout the year in accordance with the governance arrangements described in the preceding section ("The likely consequences of any decision in the long term"). The onset of the pandemic saw the Board and senior management making the safety and well-being of staff an overriding priority.

Camelot has followed government guidance throughout the pandemic, with the majority of staff working remotely for the whole of 2020/21 and the first quarter of 2021/22. The Company has carried out a number of surveys with staff to collect their views on working arrangements and returning to the office once social distancing requirements are lifted, and is working with a third-party consultancy in 2021/22 to develop its return to work plan.

## STRATEGIC REPORT (CONTINUED)

### Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

#### The Interests of Camelot's Employees (continued)

Performance against key performance indicators relating to that part of the 2020/21 Annual Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on staff-related activities through the year, including engagement survey results (which, during the year, grew from 90% to 92% in the most recent survey), initiatives focusing on leadership and learning, all-staff update meetings, talent reviews and succession planning. Camelot took part in the 2021 Best Companies Awards. It achieved a '3 Star' rating ('extraordinary'), placing it 10th in the Best 100 Large Companies in the UK rankings.

In addition, the 2020/21 annual bonus scheme for all staff was reviewed, approved and monitored throughout the year by the Board's Remuneration Committee.

Succession planning of Camelot's senior Leadership Team was also a standing agenda item at each meeting of the Nominations Committee of the Board during 2020/21, which were also attended by Camelot's People Director. Other matters considered by the Committee during the year included Camelot's Board and Company policies on diversity and inclusion.

Jennelle Tilling, one of Camelot's independent non-executive directors, continued to have responsibility throughout 2020/21 for oversight of all matters relating to employee engagement and reflecting any issues at Board level.

Further information on activity relating to Camelot's employees during 2020/21 is included in "Our People" on pages 144 to 161.

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

Specific initiatives relating to Camelot's relationships with its players and National Lottery retailers, and engagement with stakeholders, were at the heart of its 2020/21 Annual Budget and Annual Plan. Performance against key performance indicators relating to those parts of the Annual Plan, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on those activities throughout the year.

The key risks (and mitigations) identified by Camelot include disenfranchisement of National Lottery retailers, decline in player engagement, damage to the regulatory environment, failure to manage the risk of unauthorised access to systems or data, and failure to protect players. The Audit, Risk and Security Committee of the Board (which was typically attended by all Directors, including those who are not members of the Committee) considered the status of all of these risks at each of its meetings during the year. Further information relating to the principal risks is included in the Strategic Report on pages 176 to 179.

Throughout 2020/21, each of the independent non-executive Directors continued to have responsibility for oversight of particular aspects of Camelot's activities and reflecting any issues at Board level – all of which, to a greater or lesser extent, included oversight of Camelot's relationships with suppliers, customers and other stakeholders:

Sir Hugh Robertson – external relations

Jane Rowe – relations with OTPP

Robert Walker – operations (including retail operations)

Rob Rowley – finance, risk and audit operations

Gill Whitehead – digital and technology

Jennelle Tilling – marketing and engagement with Camelot's workforce, and healthy play

During 2020/21, because of the Covid-19 pandemic, the Board was unable to continue to hold some of its meetings in National Lottery-funded venues across the UK. The Board intends to resume this activity at the earliest opportunity.

### Statement describing how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (continued)

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

Further information on Camelot's business relationships with suppliers, players and others is included in "Doing Business Responsibly" on pages 114 to 141.

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

At the highest level, all of the activity undertaken by the Directors takes place in the context of Camelot's overarching objective to maximise returns to Good Causes through selling National Lottery products in an efficient and socially responsible way. That means a focus on ensuring that Camelot keeps its players safe by preventing underage play and playing too much, while at the same time, seeking to raise as much money as possible to enable the National Lottery distribution bodies to continue to fund local and national community and environmental projects throughout the UK.

The Board duly considered and approved the Annual Business Plan for 2020/21, and then monitored it throughout the year (including in relation to protecting players and returns to Good Causes) in accordance with the governance arrangements described above in the section on "The likely consequences of any decision in the long term" (pages 172 to 173).

At an operational level, during 2020/21, corporate social responsibility continued to lie at the heart of everything Camelot does – from the way it trained and protected its employees, advised big winners and treated suppliers, to how it safeguarded data, supported its local communities through volunteering and worked to reduce its impact on the environment. Any significant issues or developments were included in reporting to the Board during the year in accordance with the governance arrangements referred to above.

Further information on Camelot's work relating to its local communities and the environment is included in "Doing Business Responsibly" on pages 114 to 141.

#### The Desirability of Camelot Maintaining a Reputation for High Standards of Business Conduct

Protection of National Lottery players and promotion of healthy play, operating with the highest integrity and ensuring that Camelot maintains an excellent reputation for how it operates continued as some of the pillars of Camelot's 2020/21 Annual Business Plan. Performance against key performance indicators relating to specific initiatives, and against milestones for related activities, was included in monthly reports to Directors and in the business update given by senior management at each meeting of the Board throughout the year. The business update to the Board also included more detailed information on those matters throughout the year.

More broadly, led by the Board, Camelot has a high-integrity culture, with appropriate policies, training and processes relating to anti-bribery and corruption and whistleblowing, together with substantial business control functions such as Programmes, Security Operations, Business Assurance (which includes Internal Audit), Legal (which includes the Company Secretarial function and the Data Protection Officer), Procurement and Regulation. The Board continued to oversee most, if not all, of these aspects of Camelot throughout the year through the Audit, Risk and Security Committee.

Further information on Camelot's work in contributing to maintaining its reputation for high standards of business conduct is included in "Doing Business Responsibly" on pages 114 to 141.

#### The Need to Act Fairly as Between Members of Camelot

OTPP is Camelot's sole beneficial shareholder and, therefore, the Directors were not required to have regard to this particular matter during 2020/21.

## STRATEGIC REPORT (CONTINUED)

### Risks, Uncertainties and Opportunities

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

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

During the year, the Audit, Risk and Security Committee and Board conducted reviews and deep dives into selected principal risks. In September 2020, as part of the annual timetable of risk, the Board of Directors undertook a robust assessment of the current principal and emerging risks facing Camelot, to ensure that the Company captures the most significant risks.

#### Coronavirus (Covid-19)

The Covid-19 outbreak is a significant event that had an impact throughout the year on a number of the Company's principal risks simultaneously. Camelot's business continuity plans were successfully invoked from March 2020, enabling it to operate The National Lottery with integrity, along with ensuring the safety and well-being of its employees, customers, suppliers and partners.

Camelot has engaged closely with the Gambling Commission, which has been fully supportive of the Company's changing risk profiles during these unprecedented events, and it agreed a number of temporary licence condition waivers to reflect the changes required with remote working and carrying out processes while socially distancing.

The Company continues to closely monitor the impact of the Covid-19 pandemic on its principal risks, namely: Retailer Environment, Digital Channel, Player Engagement, People, InfoSec / Cyber and Suppliers, and has taken proactive steps to mitigate risks as they developed.

The Board has been kept regularly informed of the impact of Covid-19 throughout the year.

#### Fourth Licence Competition

The end of the third licence and the competition for the fourth licence represents increased risk to the

long-term future of the Company. This is discussed in the Viability Assessment in the Directors' Report on page 182.

#### Mitigation and Controls

Camelot adopts mitigation activities in the form of internal controls for all key principal risks, as part of quarterly internal reviews. These include reporting to the Board, reporting to the Compliance & Risk Committee, the Audit, Risk and Security Committee, Executive management team, and monitoring compliance with Camelot's policies. The effectiveness of risk mitigations against risk definitions are supported through a suite of risk metrics.

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

#### Player Engagement

*The relevance of The National Lottery remains critical to the success of the business and, while Camelot has stemmed its decline within the fabric of society, failure to ensure that games remain relevant and that players remain engaged could lead to a decline in sales and returns to Good Causes.*

As mentioned earlier in the Strategic Report, the Company has addressed this risk by ensuring that The National Lottery's portfolio of games continues to remain relevant to a wider base through marketing communications, channel initiatives, game propositions and events. The Company adapts its marketing and communication plans which help to ensure that The National Lottery remains relevant to players with a focus on the impact of Good Causes on society.

#### Retailer Environment

*As retail remains a critical channel, if Camelot fails to maintain standards, advocacy and support for The National Lottery within its retailer estate, this could lead to poor in-store execution, lack of confidence and poor support for The National Lottery brand. Camelot also needs to be agile, mindful and able to react to the macro environment and resulting cost pressures on retailers.*

Camelot maintained regular dialogue and contact with Camelot's retail partners which helped to ensure that National Lottery products have remained on sale throughout the pandemic, and undertook proactive credit monitoring, relaxed payment deadlines on a case-by-case basis and waived certain fees, all of which supported its retailer partners.

### Risks, Uncertainties and Opportunities (continued)

#### Mitigation and Controls (continued)

##### Key Supplier/Partnership Relationships

*Camelot suffers service disruptions with key suppliers and operational failures due to the inability of suppliers to provide it with their service or the inability of Camelot to maintain robust and effective working relationships with key suppliers/partners.*

The Company maintains ongoing working relationships with key suppliers and partners, and conducts regular reviews to assess operational performance and reliance. Its key suppliers have continued to operate through the pandemic. Through its designated Relationship Managers, it continues to monitor and regularly engage with key suppliers to assess the adequacy of their business continuity plans.

Camelot's Business continuity plans are created, assessed and maintained to ensure minimal business disruptions, and it maintains accreditation of ISO 22301: Business Continuity Management System.

#### Regulatory Environment

*The risk of not having a regulatory environment which ensures licence compliance and supports an effective working relationship and operating model with the Gambling Commission. Specifically, the risk that the delivery of Camelot's Annual Business Plan is impacted by the Gambling Commission's low-risk appetite and approach to marketing and other approvals.*

The Company has a high-integrity culture and has identified accountable people against each of its licence requirements, and reviews and updates this on a regular basis. Licence compliance is also embedded in Company processes and procedures. Business control functions – such as the Regulatory Affairs, Business Assurance, Procurement and Process Governance Teams – monitor compliance through their activities.

The Company maintains regular senior management meetings between Camelot and the Gambling Commission, along with regular engagement with key business control functions, such as Regulatory Affairs and Business Assurance. The Company also proactively shares performance data, as well as strategic plans and proposals requiring approval, so that it is able to work effectively with the Gambling Commission and be held to account.

#### Management of Healthy Play

*The risk that Camelot neither adopts an appropriate healthy play strategy nor has suitable operational activities or metrics to protect players and provide early warnings of at-risk and problem play.*

The Company is a socially responsible organisation, maintaining high standards of player protection, and has a clear player protection strategy to prevent underage and excessive play.

Mystery shopping has been suspended during the year owing to the pandemic, but other measures (including additional training for retailers) have been put in place to mitigate the risk.

Following the announcement that the minimum age for playing The National Lottery will be raised from 16 to 18 from 1 October 2021, Camelot put together a cross-functional programme team to deliver all of the changes needed as quickly as possible, while ensuring that the very high standards demanded of The National Lottery were maintained. A significant amount of work has taken place across the business to implement these changes in both its retail and digital channels, and the change in age to play was implemented and came into effect, ahead of schedule, on 22 April 2021.

The Company's brand messaging focusing on healthy play ('DREAM BIG PLAY SMALL') appears in above-the-line advertising and in its retail channel via media screens and ticket messaging. The Company also continues to work with GAMSTOP, which further supports its approach to healthy play.

#### People

*Increasing uncertainty, both during the remainder of the current licence period and beyond, results in an increased risk of unwanted attrition, greater difficulty in recruiting key roles, and a negative impact on engagement levels.*

During lockdown, the Company provided flexible working arrangements and wellbeing support to all employees to ensure that they could achieve an appropriate work/life balance. Camelot also adapted its cadence of communication across all teams to ensure employees remained engaged and informed throughout the pandemic.

The Company maintains an organisational health dashboard which tracks and monitors attrition, absences, levels of engagement etc. In addition, succession plans for key roles across the business are subject to regular review at Operational and Executive level.

## STRATEGIC REPORT (CONTINUED)

### Risks, Uncertainties and Opportunities (continued)

#### Mitigation and Controls (continued)

##### People (continued)

Camelot's ongoing programme of pulse and annual engagement surveys enables it to regularly measure engagement levels across the Company and to implement appropriate actions in a timely manner. Best Companies awarded Camelot a '3 Star' accreditation (the highest standard achievable), which reflects 'extraordinary' levels of workplace engagement – placing the Company 10th in the Best 100 Large Companies in the UK rankings for 2021.

##### Technology/Systems

*As Camelot moves towards the end of the current licence period, there is a risk associated with a number of systems which are nearing the end of life. Additionally, there is a risk to the information systems estate that, should the current licence period be extended, systems may no longer be fit for purpose and lead to a failure to execute and deliver an effective technical solution.*

The Company regularly evaluates the adequacy of its infrastructure and IT security controls, tests its contingency and recovery processes, and undertakes employee awareness and training. Controls testing and security patching around core systems is also performed regularly.

Licence Condition 5.9 requires Camelot to maintain all Licensee Assets to ensure that they are adequately supported and have a life expectancy of two years from the end of the third licence. The Company maintains a secure, fit-for-purpose technology solution to enable employees to work at their best. In continuing to provide operational integrity towards the end of the licence, the ongoing management of end-of-life technology is essential, particularly components for the key gaming and corporate systems.

##### InfoSec/Cyber

*The risk of unauthorised access to Camelot's systems or data, from either an external or internal source, that results in unauthorised access to personal or financial data, gaming systems or commercially sensitive information and/or service disruption due to the loss/unavailability of key operational systems; or a loss of integrity of gaming systems, or gaming, financial, personal or other data. Leading to reputational and/or commercial damage, and potential regulatory penalties.*

The Company enhanced its monitoring of its technology estate to mitigate the increased threat posed by hackers trying to exploit greater numbers of workers accessing their corporate networks remotely and much greater levels of digital commerce that has resulted from the Covid-19 pandemic.

The Company complies with the ISO 27001 Information Security Standard and World Lottery Association Standards. Similar to other organisations, the Company continuously monitors the cyber landscape, and assesses and deals with emerging threats. It continues to invest in its Information Security Team, and in raising cyber risk awareness across its business and with its partners.

##### Digital Channels

*This risk has two components:*

*Technical: There is a risk that Camelot fails to maintain a fit-for-purpose digital platform, which leads to poor customer engagement, loss of sales and a significant impact on any potential bid for a fourth licence; and*

*Commercial risk: Strong commercial performance achieved through the delivery of its digital strategy is not maintained, which leads to reduced customer satisfaction, lost sales and returns to Good Causes, and a significant impact on any potential bid for a fourth licence.*

The Company monitors the performance and capacity of its digital channels, as well as the delivery of key digital projects and continuous improvement initiatives to enhance the stability of the platform and improve customer engagement. For instance, email personalisation has enabled new onboarding and lapsing programmes to improve overall player satisfaction and retention rates.

### Risks, Uncertainties and Opportunities (continued)

#### Mitigation and Controls (continued)

##### Operational Controls

*The risk that Camelot fails to prevent player-impacting failures occurring due to:*

- lack of/ineffective controls across disparate IT systems and manual processes;
- ineffective controls across player-facing processes; or
- insufficient operational resilience and BCP, including operating under high sales volumes.

*These failures lead to a poor player experience, reduced revenues and potentially licence breaches.*

During the pandemic, the Company saw its Business Continuity Plans (BCP) work effectively across its teams and it continued to operate effectively as a majority of staff worked remotely, with only remote supervision.

A 'Safeguarding Integrity Model (SIM)' was developed, which identified the key controls needed to operate The National Lottery with integrity during an extended period of business interruption. These controls were embedded as part of the BCP of each operational area.

The Company invested in ongoing improvement in the maturity of its operational processes and control environment, with the continued automation of certain key processes and the embedding of operational integrity into all operational aspects of Camelot's work.

The Strategic Report was approved by the Board of Directors on 24 June 2021 and was signed on its behalf by:

Sir Hugh Robertson KCMG PC DL  
Chairman

Camelot UK Lotteries Limited  
Company Number: 02822203

## DIRECTORS' REPORT

### The directors present their report, together with the audited financial statements of Camelot UK Lotteries Limited (the 'Company'), for the year ended 31 March 2021.

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

#### Principal Activities

The principal activity of the Company is the operation of The National Lottery in a socially responsible manner for the benefit of a number of good cause areas: arts, education, environment, health, heritage, sport and community/charity (the 'Good Causes'). The establishment of The National Lottery was enabled by the passing of The National Lottery etc. Act 1993 (as amended). Camelot operates The National Lottery pursuant to an operating licence granted by its regulator, the Gambling Commission.

The third operating licence was granted on 1 February 2009 to run until 31 January 2019, with a possible extension for a period of up to five years. In the 2011/12 financial year, the National Lottery Commission (subsequently merged with the Gambling Commission) granted an extended licence through to 31 January 2023, a four-year extension. This had an impact on intangible assets and property, plant and equipment, as economic lives have been lengthened where they previously ran to the end of the original third operating licence on 31 January 2019.

In May 2020, the Gambling Commission notified the Company of an extension of the licence by an additional six months until 31 July 2023.

The Company expects to pursue this principal activity until the end of the current third licence. As at the date of this Report, the rules of the fourth licence competition prevent the Company from commenting publicly on any interest it may have in the competition. The Company's performance and outlook are discussed in the Strategic Report set out on pages 166 to 179 as permitted under s414C(11).

#### Shareholdings

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

	Number of 'A' shares	Number of 'C' preference shares	Total % holding of shares
Premier Lotteries UK Limited	1000	3	99.3%
Fourmoront Corporation	-	7	0.7%

Further details of the rights and obligations of each class of share are given in note 21 to the financial statements.

The Company's ultimate shareholder is Ontario Teachers' Pension Plan Board (Teachers').

#### Directors

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

Chairman  
**Sir Hugh Robertson KCMG PC DL**

Executive Directors  
**Nigel Railton**  
**Clare Swindell**

Independent Non-Executive Directors  
**Robert Walker**

**Rob Rowley**  
**Jennelle Tilling**  
**Gill Whitehead**

Non-Executive Directors  
**Jane Rowe**  
**Nick Jansa** (appointed 6 May 2021)

Alternate Directors  
**Ilya Kachko** (alternate to Jane Rowe)  
**Stefano Santarelli** (alternate to Jane Rowe)  
(resigned 30 April 2021)

Company Secretary  
**John Dillon**

#### Insurance for Directors and Officers

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

#### Going Concern

Management has prepared detailed budgets and cash flow forecasts which support the appropriateness of the going concern assumption. Given the unprecedented economic environment due to the global Covid-19 pandemic, these budgets and cash flow forecasts have been evaluated and reviewed in significant detail.

This wider economic climate particularly increases the credit and financial liquidity risk of the Company. However, management has assessed the controls in place to minimise Camelot's exposure to this increased level of risk, which are set out in note 16, and considers them to be effective. This view has been supported by stress testing as described on the next page.

Therefore, after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date that the financial statements are signed.

For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## DIRECTORS' REPORT (CONTINUED)

### Viability Assessment

Taking account of the Company's current position and principal risks, the directors have assessed the prospects of the Company for the purposes of provision 31 of the UK Corporate Governance Code over the next two years and six months.

Following the further extension of the third licence in May 2020, the Company's licence to operate The National Lottery is expected to expire on 31 July 2023. The two year, six-month assessment period covers until 30 September 2023, which includes the finalisation and settlement of cash flows relating to the end of the third licence. This is considered by the directors to be an appropriate period of assessment.

There is inherent uncertainty in planning for the next two and a half years, given that the outcome of the fourth licence competition process is unknown, as are the medium and long-term impacts of the Covid-19 global pandemic on the Company's performance. However, due to the strong foundations that the Company has put in place over the last four years across The National Lottery's games, channels and brand – combined with its ability to adapt quickly – the Company's business model has proved to be strong and resilient, and the forecasts reflect a resilient sales performance in line with underlying marketing and capital investment support. Profits and cash generated are in line with sales.

The previous Board-approved two-year strategy (covering until 2021/22) has been reviewed in light of Covid-19 and extrapolated for the final years of the licence to reflect an end-of-licence scenario and to include all cash flows relating to completing the third licence commitments.

The Company is operating comfortably within the loan covenants of interest cover and gearing ratios, and the directors consider that this will continue over the review period.

The Company's Revolving Credit Facility (RCF) of £55.0m was extended in March 2021 and is only due to expire on 31 October 2022. The amount drawn down under this facility at 31 March 2021 was £nil (2020: £35.0m).

A number of sensitivities were run to stress test the two-and-a-half-year cash flow forecasts and, even in downside scenarios, the Company remains comfortably within its loan covenants. The Company's covenants are based on Earnings before Interest, Tax, Depreciation, and

Amortisation (EBITDA) pre-IFRS 16, which would have to fall by circa 50% from their current level across the two-and-a-half-year period for this covenant to be breached. This is considered highly unlikely. The two-and-a-half-year forecast also shows only insignificant net interest charges and, therefore, interest cover is not expected to breach the covenant of 2.0.

The Board confirms that it carries out a robust assessment of the principal risks and uncertainties facing the Company, including those that could threaten the business model, future performance, solvency and liquidity of the Company.

The Board also monitors the Company's risk management and internal control systems. The assessment and monitoring is carried out on a rolling basis, with senior management reviewing and updating the Company's principal risk register quarterly, which is then reviewed by the Audit, Risk and Security Committee at every meeting (the "Committee"). The Committee is also informed of, and considers, all material risks and internal control systems issues (including, for example, any significant control failings).

Among the identified key risks are player engagement, key supplier/partnership relationships, regulatory environment, player protection, people, retailer environment, technology/systems, InfoSec/cyber and digital channels. The Company continues to invest heavily in safeguarding IT infrastructure, with the security of player information and funds being a key priority. The Chairman of the Committee reports the proceedings of the Committee to the full Board, and copies of minutes of the Committee are distributed to all members of the Board who are not Committee members. Revocation of the Company's licence to operate The National Lottery would clearly be catastrophic and the Company is very clearly focused on mitigating the risks of committing any licence breach which could form the basis of such revocation.

Taking into account the Company's performance, the existence of the Company's licence to operate The National Lottery until 31 July 2023, the existence of the business strategy, and the principal risks and uncertainties facing the Company, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the two-and-a-half-year period ending 30 September 2023 to cover the complete period of the third licence to run The National Lottery.

### Corporate Governance

The Report on Corporate Governance is set out on pages 188 to 198.

### Streamlined Energy and Carbon Reporting

The Company's streamlined energy and carbon reporting is set out in the "Environmental Impact" section on pages 137 to 139 and is included in this Directors' Report by cross-reference.

### Research

To secure the long-term success of The National Lottery and to ensure continued sales growth alongside increasing returns to Good Causes, the Company has continued to spend on research during the year. The Company's spend totalled £4.4m in 2021 (2020: £7.2m), primarily in the area of brand and market research.

### Employees

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

Full and fair consideration is given to the employment of all individuals and reasonable adjustments are made to accommodate the disabilities of Camelot employees, whether those disabilities arose before or during their employment with the Company.

The Company's Employee Forum is sponsored by a member of the Executive Team and extends across all employees in Camelot UK Lotteries Limited. It continues to be consulted on all significant policy proposals and initiatives affecting employees and, in turn, gathers group-wide reactions to such proposals, as well as giving regular feedback on other employee matters. One of the non-executive Board members also has special responsibility for oversight of matters relating to the Company's staff.

The Company believes that delivering consumer and player satisfaction is key to its success, and strives to reward the contribution made by motivated and high-performing staff. The main reward mechanism for doing this is via a performance-related annual bonus scheme.

For 2020/21, bonuses will be paid on three key performance criteria – sales, returns to Good Causes and profitability, each underpinned by operational integrity – with a fourth element awarded based on performance against objectives for senior management. When reflecting on-target performance, these bonuses start from 5% of base salary, increasing for senior management.

Employees pay contributions into the Company Personal Pension Plan, a defined contribution scheme. In line with UK legislation, the Company auto-enrols employees into the pension scheme. The first payroll deductions for automatically-enrolled employees were made in January 2014.

### Employee Engagement

Camelot has an extensive and well-established structure for communicating and listening to its employees through a variety of channels, including internal publications, Company-wide emails, webcasts, all-employee meetings, the Company's intranet site and regular engagement surveys. These channels are also the medium through which the Company communicates economic and financial factors which impact its performance. The Company achieved a '3 Star' rating in the Best Large Companies Awards 2021, which means Camelot is an 'extraordinary' company to work for within its definition and 10th in the rankings. It was also the only large company to receive a special wellbeing award, celebrating the commitment that it has made to looking after its people. In addition, the Company achieved upper quartile engagement scores in both its shorter 'pulse' survey earlier in the year and in its most recent annual engagement survey, which was completed in April 2021.

During 2020/21, Camelot continued to:

- provide employees systematically with information on matters of concern to them, such as trading updates, commercial strategy and progress updates, as well as inviting representatives from organisations who have received funding from Good Causes to share their stories to ensure employees are connected to the Company's purpose. There continues to be a regular cycle of Company-wide communication through 'All Together' briefings, 'Getting to Know' sessions, the intranet, and monthly leadership newsletters for cascade;

## DIRECTORS' REPORT (CONTINUED)

### Employee Engagement (continued)

- consult employees as a whole and via the Employee Forum on a bi-monthly – and then bi-weekly – basis so that their views can be taken into account in making decisions which are likely to affect their interests, including the outcomes of employee surveys, input to people policies (eg diversity and inclusion), input to the wellness strategy, and input to how organisational changes are implemented;
- encourage the involvement of employees in Camelot's performance through the all-employee annual bonus scheme, ensuring quarterly performance conversations take place with individuals, and regular briefings are given on trading performance and progress against the annual plan;
- provide a listening strategy through regular engagement surveys and conversations with the Employee Forum; and
- achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of Camelot through 'All Together' sessions, and Leadership Team monthly cascades.

Board Members are actively involved in the Company's engagement strategy. During the year, the Chairman took part in a 'Getting to Know' event (interviewed by an employee in front of a live audience) and featured in our fortnightly update videos for staff, which were introduced to support virtual working, and as part of our 'All Together' briefings. He was also involved in our Women's History Month celebrations, during which he interviewed Georgie Harland, Team GB's Chef de Mission, the first woman to ever hold the role, and which had very positive feedback. Meanwhile, the CEO has led quarterly 'All Together' sessions and keeps the whole Company informed about business performance through the fortnightly video updates videos, while Jennelle Tilling conducted a fireside chat with the Employee Forum and has regular check-ins with the Chair of the Forum.

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

### Business Relationships

In performing its duties, the Board gives due consideration to its key stakeholder groups as it ensures that the activities of the Company align with its strategic plan, as well as the Company's cultures and values.

In assessing its activities, the Board aims to act fairly, transparently and in the best interests of the Company over the long term, and assesses the impact of activities on the Company's business relationships and, in particular, with its regulator, industry bodies, distribution partners, retailer base and suppliers. The Company acknowledges that every decision the Board has made will not necessarily result in a positive outcome for all of its stakeholders.

As noted in the Chairman's Statement and the Chief Executive Officer's Review, the Board and Executive management have regular engagement with their counterparts at the Gambling Commission and with the National Lottery distribution partners who distribute Good Causes funding. While Covid-19 restrictions limited opportunities for face-to-face engagement during the year, The Company continued this important work through virtual means.

Executive management has a regular programme of engagement across the retailer base (from large multiple retailers through to independent, owner-managed businesses), which is monitored and assessed by the Board through its regular review of the Annual Business Plan. Suppliers are critical to the success of the Company and, for all of the major suppliers, there is a dedicated Camelot relationship manager. They work closely with the supplier to ensure not only the delivery of their product/service, but that there is a strong working relationship with regular dialogue that allows both parties to operate fairly and transparently with each other.

### Suppliers

The Company's policy is to pay all fully-approved supplier invoices within 30 days after the end of the month in which the invoice is received. Camelot has paid 96% (2020: 89%) of its supplier invoices in line with the agreed terms in the last six months of the financial year and, on average, invoices are being paid within 27 days (2020: 34 days) from date of receipt. The Company's latest figures show that only 1% (2020: 3%) of supplier invoices are paid in excess of 60 days, with 74% (2020: 64%) being paid in 30 days or less.

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

### Financial Risk Management

The Company has a clear and specific investment policy which is followed for all cash deposits placed to mitigate against short and long-term cash flow risk. At the end of March 2020, with the growing uncertainty around the pandemic, the Company drew down £35.0m of its RCF for a period of six months. These funds were held on deposit throughout the six months and repaid in full in September 2020. At 31 March 2021, the RCF facility remains undrawn.

The Company continually monitors its banking facilities, as well as regularly forecasting and reviewing its cash flow requirements. For the next financial year, the cash flow forecasts anticipate surplus cash levels and that the RCF facility will remain undrawn, and that sufficient headroom is maintained and that all liabilities are fully met. Camelot has a contingency financing arrangement with its ultimate controlling party, Teachers', which, in aggregate with its parent company Premier Lotteries UK Limited, makes further funding of £30.0m available.

In addition, Camelot has an established process, set out in The National Lottery Retailer Agreement, which ensures exposure to retailer bad debt is minimised as detailed in note 16. Camelot is, therefore, confident that it has appropriately mitigated the additional credit and financial risks.

The Company is exposed to certain levels of credit, interest rate, foreign exchange and liquidity risks that arise in the normal course of business. Details of these risks are disclosed in note 16.

### Related Party Transactions

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

### Independent Auditors

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

### Dividends

As detailed in note 8, total dividends paid in the year under review were £47.4m (2020: £80.2m), of which £47.4m (2020: £80.1m) was paid to the Company's parent company, Premier Lotteries UK Limited, during the year and £7,000 to Fourmoront Corporation (2020: £7,000). The Company does not recommend payment of a final dividend. As disclosed in note 29, a dividend was paid to PLUK in April 2021.

### Donations

During the year, no political donations were made (2020: nil).

### Post-Balance Sheet Events

Refer to note 29 to the financial statements for Post-Balance Sheet events disclosures.

## DIRECTORS' REPORT (CONTINUED)

### 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 international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has also prepared the financial statements in accordance with international financial reporting standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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

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

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

### Directors' Confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

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

On behalf of the Board  
**Sir Hugh Robertson KCMG PC DL**  
Chairman  
24 June 2021

# REPORT ON CORPORATE GOVERNANCE

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

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

## Board of Directors

At 31 March 2021, the Board comprised eight members: the Chairman, four additional independent non-executive directors (one of whom acts as the Deputy Chairman and Senior Independent Director), one non-executive director (an officer of Teachers') and two executive directors (the Chief Executive Officer and the Chief Financial Officer).

There is a clear delineation of responsibility between the Chairman and the Chief Executive Officer, which is set out formally in a written description of the role of the Board and written descriptions for the Chairman's and the Chief Executive Officer's roles (and also for the roles of the Deputy Chairman/Senior Independent Director and the independent non-executive directors).

The Chairman leads the Board, ensuring that each director, particularly each of the non-executive directors, is able to make an effective contribution. He monitors, with assistance from the Company Secretary, the information distributed to the Board to ensure that it is sufficient, accurate, timely and clear. Board papers are sent to directors in good time before Board meetings. These cover key areas of the Company's affairs, including overall strategy, key commercial partnerships, approval of budgets, major capital expenditure programmes, significant transactions and financing issues. The Board approves all major capital and revenue expenditure over specified amounts, which vary depending on the nature of the expenditure.

The Chief Executive Officer maintains day-to-day management responsibility for the Company's operations, implementing Company strategies and policies agreed by the Board.

Jane Rowe (Executive Managing Director and head of Teachers' Equities department) remains on the Board and ensures that Board members (and, in particular, the independent non-executive directors) are regularly informed of Teachers' views about the Company, and that Teachers' is kept informed about the Company to the extent Teachers' requires. Nick Jansa (Teachers' Senior Managing Director, EMEA) was appointed to the Board on 6 May 2021.

## Board of Directors (continued)

During the year, the Board approved the appointment of Jennelle Tilling as a Trustee of the Guide Dogs for the Blind Association, and of Gill Whitehead as the Chair of the Audit Committee of Informa PLC. The Board was satisfied that those additional commitments do not prevent either director from spending sufficient time on matters relating to Camelot, and that they would provide each director with a welcome opportunity to broaden further their perspective and experience of different boards and businesses and, ultimately, to enhance their skills for Camelot's benefit.

Specific oversight of various aspects of the Company's activities has been allocated by the Board to different Board members (including external relations, operations, finance, risk and audit, digital and technology, marketing, engagement with the Company's workforce and healthy play).

Regular Board meetings were held during the year under review. Owing to the impact of the restrictions resulting from the Covid-19 pandemic, the Board's programme of holding meetings off-site at locations around the UK was suspended.

Board meetings follow a formal agenda which includes regular reports from the Chief Executive Officer, matters for which the Board's approval is required (including, in particular, the Company's strategic plan and annual budget, and business cases for new games or game changes), 'deep dives' into business topics of importance and other matters for the Board's information. The Strategic Report for the year can be found on pages 166 to 179.

At the beginning of each Board meeting, the Chairman meets with the non-executive directors for a private session in the absence of the Chief Executive Officer, the Chief Financial Officer and other senior management; and, at the end of each meeting, a further private session is usually held both with and without the Chief Executive Officer and Chief Financial Officer.

The written description of the role of the Board sets out matters specifically reserved for decision by the Board, but all Board members are free to raise other issues at Board meetings. Where directors have concerns that cannot be resolved about the running of the Company, or a proposed action, these are recorded in the Board minutes. Upon resignation, a non-executive director with any such concerns is able to circulate them to the Board via a written statement to the Chairman.

During the year, informal update sessions (supported by written papers where appropriate) were also held by video conference for Board members in months in which no formal Board meeting took place. Beginning at the end of March 2020, additional update sessions took place (initially every two weeks) to keep Board members informed of the impact of the Covid-19 pandemic on the Company's operations.

The Board has delegated certain functions to committees, as set out below. However, the Board takes direct responsibility for the review and monitoring of key areas, such as risk management. All directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed.

There is a procedure in place enabling any director, in the furtherance of his or her duties, to seek independent professional advice at the Company's expense.

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

## REPORT ON CORPORATE GOVERNANCE (CONTINUED)

### Board of Directors (continued)

	<b>Board</b> (6 meetings) Number attended of meetings held while a director	<b>Audit, Risk and Security Committee</b> (4 meetings) Number attended of meetings held while a director	<b>Remuneration Committee</b> (5 meetings) Number attended of meetings held while a director	<b>Nominations Committee</b> (4 meetings) Number attended of meetings held while a director
Nigel Railton	6/6	<sup>1</sup> (4/4)	<sup>1</sup> (5/5)	<sup>1</sup> (4/4)
Sir Hugh Robertson KCMG PC DL	6/6	<sup>1</sup> (4/4)	<sup>1</sup> (5/5)	4/4
Jane Rowe	6/6 <sup>2</sup>	4/4	5/5 <sup>2</sup>	4/4 <sup>2</sup>
Rob Rowley	6/6	4/4	<sup>1</sup> (5/5)	<sup>1</sup> (3/4)
Clare Swindell	6/6	<sup>1</sup> (4/4)	<sup>1</sup> (5/5)	<sup>1</sup> (0/4)
Jennelle Tilling	6/6	<sup>1</sup> (4/4)	<sup>1</sup> (5/5)	4/4
Robert Walker	6/6	3/4	5/5	<sup>1</sup> (3/4)
Gill Whitehead	5/6	4/4	<sup>1</sup> (4/5)	<sup>1</sup> (3/4)

The table shows the number of meetings attended by each director as against the number of meetings he/she was entitled to attend while a director. The table does not include reference to the Fourth Licence Competition Committee (more information on which can be found on page 195).

<sup>1</sup>Indicates that the named individual is not appointed to the Committee, followed (in brackets) by the number of meetings attended as against the number of meetings that individual was entitled to attend while a director.

<sup>2</sup>Owing to restrictions on Ms Rowe's ability to attend formal meetings while located in Canada during the year under review, all meetings were attended by Stefano Santarelli (a member of Teachers' staff) as Ms Rowe's alternate. Informal sessions took place before each Board meeting to ensure that senior management and the Chairman and senior management were aware of Teachers' perspective and views.

Under the terms of the third licence, all directors have to be security-vetted before they can be formally appointed to the Board, unless the Gambling Commission has issued a temporary waiver of that requirement in individual cases. Pending this clearance or waiver, those to be appointed are permitted to attend Board and Committee meetings as observers.

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

### Audit, Risk and Security Committee

Chair: Rob Rowley

Members: Rob Rowley, Jane Rowe, Robert Walker, Gill Whitehead

#### Usual Attendees

The Chief Executive Officer and other functional managers (including the Chief Financial Officer, the Deputy Chief Financial Officer and the Director of Business Assurance) for relevant sections of the meeting, and representatives of the Company's external auditors and Teachers'. The composition and independence of the Board is discussed on page 188.

In addition to the broad executive and non-executive business experience of each of the members of the Committee described in their biographies on pages 156 to 157, Jane Rowe holds a Bachelor of Commerce (Honours) degree from Memorial University, Newfoundland, an MBA from Your University's Schulich School of Business and a ICD.D certification from the Institute of Corporate Directors in Toronto; Rob Rowley is a Fellow of the Institute of Management Accountants, and holds a BSc in Economics from the University of Southampton and an MBA from Cranfield University; and Gill Whitehead holds a BSc (Honours) degree in Economics and Econometrics from the University of Nottingham, and is a Fellow of the Institute of Chartered Accountants of England and Wales.

The Committee met four times in the year under review.

Its duties are as follows:

### Audit

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

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

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

It also reviews the appointment and terms of reference of the external auditors, and their management representation letter, and considers any other matters raised by the external auditors. In respect of non-audit services, the Committee reviews the objectivity of the external auditors by reviewing the scope of work for such services to ensure that their independence is safeguarded. It monitors the effectiveness of the Company's financial controls, and internal control and risk management systems. At least once a year, the Committee meets separately with the external auditors and the Director of Business Assurance, without any executive Board members present. The Committee is also responsible for reporting to the Board on how it has discharged its responsibilities.

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

The Committee considers the relationship with its external auditors is working well and remains satisfied with its effectiveness (taking into consideration relevant UK professional and regulatory requirements). The external audit partner is rotated every seven years and the current partner is in his fourth year. The external auditors attend all Committee meetings, of which there were four in the financial year ended 31 March 2021, and the Committee assesses their effectiveness through this regular interaction. In the event that the Company were to be awarded the fourth licence, the Committee has determined that – subject to any truly exceptional change in circumstances in the meantime – the provision of external audit services would be put out to tender for the subsequent financial year after the outcome of the bid is known, and PwC will not be invited to retender.

### Reporting of Significant Issues

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

#### Revenue Recognition

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

#### Provisions

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

## REPORT ON CORPORATE GOVERNANCE (CONTINUED)

### Reporting of Significant Issues

(continued)

#### Provisions (continued)

Provisions made, and the basis on which they have been calculated, are disclosed in note 20. The Committee has confirmed the appropriateness of accounting policies relating to provisions, as well as those provisions held at 31 March 2021, in particular those relating to long-term incentive plans. PwC performed detailed audit procedures on provisions, including the appropriateness of any assumptions and reliance on external information, and reported its findings to the Committee.

#### Capitalisation and Impairment of Assets

The Company continues to make significant investment in capital assets. The Committee has reviewed the appropriateness of capitalisation and impairment decisions adopted by management, and concluded that current processes are sufficient to ensure capitalised assets are correctly captured, valued and reported. Assets are capitalised and impaired in accordance with IFRS, as set out in the accounting policies disclosed in note 2 to the financial statements.

#### Licence Compliance

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

#### Risk

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

During the year, the Committee spent time discussing the risks associated with the various ongoing major change projects and programmes, as well as other principal risks including threat of cyber attack, player protection and the retailer environment etc. The Committee discusses significant issues with management, both independently and as a result of external audit procedures.

#### Security

The Committee is responsible for approving and ensuring adherence to a set of security policies for the implementation and operation of The National Lottery. The Committee is regularly informed of any potential security issues within the Company (including physical, logical and personnel security, and disaster planning). It is also responsible for overseeing the activities undertaken by the Company's Chief Information Officer in respect of security, and for reviewing any major security breaches that are brought to the attention of the Chairman of the Committee immediately that they are identified.

#### Remuneration Committee

Chair: **Jane Rowe**

Members: **Jane Rowe, Robert Walker**

The Committee is responsible for establishing a formal and transparent procedure for developing the framework and broad policy for determining the remuneration of the Company's Chief Executive Officer, independent non-executive directors and employees in management with a senior role in the Company. In determining those matters, the Committee is required to review workforce remuneration and related policies, and the alignment of incentives and rewards with culture, and take these, and all other factors which the Committee deems necessary (including different incentives needed in different scenarios), into account.

The Committee is also required to address the need for remuneration arrangements to be clear, simple, proportionate, predictable, aligned to culture, and appropriate in the light of reputational and other risks.

### Remuneration Committee (continued)

The objectives of the broad policy are required to ensure a range of outcomes, including supporting the strategy and promoting the long-term sustainable success of the Company, ensuring remuneration is aligned to the Company's purpose, values and long-term strategy, enabling the use of discretion to override formulaic outcomes, and avoiding rewarding poor performance. The Committee met five times during the year under review.

The Remuneration Committee, which includes representation by the shareholders, reviewed and approved the annual bonus arrangements for the financial year ended 31 March 2022, with executive directors' and senior managers' performance metrics based on sales, returns to Good Causes, and profitability, each underpinned by operational integrity – an approach which is consistent and aligned with all employees. Through the inclusion of performance metrics, the Committee ensures that reputational and other risks arising from a target-based incentive plan are mitigated.

The Employee Forum receives communication and updates on the remuneration arrangements in place for employees each year, and the wider Leadership Team is briefed annually on the details of the scheme. This includes how remuneration aligns with the wider Company pay policy. Executive directors and senior management have an additional metric of performance against key objectives in the Annual Business Plan, and a higher weighting is placed on returns to Good Causes performance, aligning performance with purpose. Bonus awards are capped with a maximum payout, and the scheme has provisions to reduce bonus awards for any under-performance.

In approving arrangements, the Remuneration Committee reviewed and considered total remuneration for the executive directors and senior management. The gender pay gap data was considered by the Committee as part of the regular agenda and progress tracked. Discretion is allowed for in the remuneration policies and structures, and the Committee considered senior management exit arrangements and applied an element of discretion to reflect performance. The scheme has operated as intended in 2021.

Willis Towers Watson continues as an advisor to the Company (but not, during this financial year, directly to the Remuneration Committee) and, in the course of the year, advised the Company in relation to staff remuneration and provided ad hoc support to the HR Team. Willis Towers Watson Health & Benefits (part of Willis Towers Watson) acts as the Company's brokers for Life Assurance, PHI and PMI benefits, and dental scheme, and is also the provider of the Company's occupational health/managed care service (the support link between PHI and PMI claims).

#### Nominations Committee

Chair: **Sir Hugh Robertson KCMG PC DL**

Members: **Sir Hugh Robertson KCMG PC DL, Jane Rowe, Jennelle Tilling**

Camelot recognises the vital role that non-executive directors play in ensuring high governance standards.

The Committee is responsible for adopting a formal, rigorous and transparent procedure for the recommendation of new directors, and for considering and recommending suitable candidates for appointment by the C preference shareholders who have the time to commit to the Company, are of appropriate experience, age, qualifications, background and reputation, will provide constructive challenge, strategic guidance and specialist advice, and will hold management to account.

The Committee is required to consider candidates from a wide range of backgrounds, paying due regard to the Board's diversity and inclusion policy. This policy recognises the importance of diversity and inclusion; records the Company's commitment to promoting equality of opportunity and inclusion within its organisation, as well as for its players, retailers and wider society; and also confirms the Company's commitment to have due regard to the benefits of diversity and inclusion on the Board, and the making of appointments based on merit, measured against objective criteria and the aptitude, skills and ability individuals can bring to the business. The Committee is comprised exclusively of non-executive directors, under the chairmanship of the Chairman of the Board.

During the financial year ended 31 March 2021, the Committee met four times. Its work centred on Board and senior management succession planning, which are standing items on the Committee's meeting agenda.

## REPORT ON CORPORATE GOVERNANCE (CONTINUED)

### Nominations Committee (continued)

Consideration of Board succession provided clarity to the Board as to when new appointments to the Board will need to be addressed. When considering such appointments, typically the Committee consults with Teachers', the Chief Executive Officer and other members of the Board (including, where relevant, the results of the most recent review of the effectiveness of the Board and its Committees), and appoints an external agency in relation to the search.

Throughout the year, the Committee reviewed and monitored the pipeline of individuals who have been identified as potential emergency and/or permanent successors to all members of the Executive Team and other senior management roles, and (following senior management talent reviews) where further development of potential successors needs to be undertaken. The Committee's focus on Board and senior management succession planning signals the Board's recognition of, and commitment to, the importance of the development of a diverse and inclusive pipeline of succession to the Board and Camelot's senior management team.

The Committee's work during the year also included diversity reporting. The Board's diversity and inclusion policy recognises the importance of diversity and inclusion, and aims to attract, engage and retain a workforce as diverse as Camelot's players, customers and the communities that Camelot's work supports. It seeks to encourage an inclusive working culture and environment which values difference, enables people to be themselves, and supports Camelot's ambition to have a highly-engaged and high-performing team. It commits the Board to ensuring that Camelot values and respects people of all cultures, nationalities, races and religions, regardless of characteristics such as gender, gender identity and/or expression, age, disability, marital or parental status, or sexual orientation. It continues to recognise the benefit of diversity on the Board and in Camelot's senior Leadership Team, and the importance of creating an inclusive environment. It states that all Board appointments – while being based on merit, measurement against objective criteria and the aptitude, skills and ability individuals can bring to the business – will also give regard to diversity and inclusion.

The Board's policy is implemented, in particular, by virtue of its being taken into account by the Nominations Committee in its work in relation to Board and senior management succession planning; by ensuring that Camelot's more detailed Company policy is consistent with the Board's policy; and by monitoring implementation of related activities in Camelot during the year.

The policy is directly linked to one of the pillars of Camelot's strategy – to create an environment that allows Camelot to attract and retain talent, enabling that talent to thrive and promoting high performance, understanding Camelot's talent and organisational capability and addressing any gaps and development needs, and further improving Camelot's integrity and operational capability. All activities in the 2020/21 Annual Business Plan associated with this strategic pillar were completed, and associated key performance indicators were substantially met.

The Committee also considered and recommended to the Board the appointment of the Chief Financial Officer to the Board, and the approval of the appointment of the Chief Executive Officer and one of the independent non-executive directors to other external boards.

As at 24 June 2021, 44% (four of the nine members) of the Board are female, compared with 14% (one of seven) as at 1 April 2018, 38% (three of eight) as at 27 June 2019 and 50% (four of eight) as at 25 June 2020. Similarly, as at 24 June 2021, 25% (three of the 12 members) of the Executive Team are female, compared with 23% (three of 13) as at 1 April 2018, 27% (three of 11) as at 27 June 2019 and 25% (three of 12) as at 25 June 2020.

The gender balance of those in senior management (ie the Executive Team and their direct reports from grades 3 to 5) was 67%/33% male/female as at 5 May 2021, consistent with 64%/36% as at 1 April 2018, 64%/36% as at 30 May 2019 and 64%/36% as at 11 May 2020.

### Fourth Licence Competition Committee

During the financial year ended 31 March 2021, the Board established an additional Committee of the Board to supervise all aspects of the Company's consideration of, preparation for and conduct of the Company's participation in the Fourth Licence Competition, and to make recommendations to the Board concerning those matters. Given the confidential nature of the Fourth Licence Competition process, no further information is provided here.

### Board Effectiveness Review

In February to March 2021, an internally-facilitated review of the Board and its committees was undertaken and was discussed on a one-to-one basis between the Chairman and individual directors, and also in private session of the Board. The Senior Independent Director, Robert Walker, led a review by the directors of the performance of the Chairman, which Mr Walker discussed with the Chairman. The Board agreed that good progress had continued to be made by Chairman's ongoing focus in particular on ensuring that the agenda and supporting papers for Board meetings are appropriate in both content and length, and that directors receive appropriate, timely and concise updates where otherwise required outside the normal cycle of Board meetings. During the Covid-19 pandemic, there had also been pre-Board meeting sessions with those Teachers' staff located in Canada who were unable to join the formal Board meetings, which had helped to ensure that Teachers' perspectives were shared effectively with the Board. The Chairman encouraged all Board members to raise any issues they might have as to the effectiveness of the Board and its Committees as they arose.

### Independent Non-Executive Directors

The independent non-executive directors are independent of both management and the shareholders, and are initially appointed for a three-year term. Thereafter, while not automatic, their appointment may be extended for further terms, subject to mutual agreement and shareholder approval. The independent non-executive directors have full access to management, and are encouraged to stay fully abreast of the Company's business through site visits and meetings with senior management.

Appropriate induction briefings are available to all directors on appointment and subsequent training is offered, as necessary, taking into account qualifications and experience.

### Relations with Shareholders

The Group's ultimate parent undertaking and controlling party is Teachers' (note 1). The Company maintains close links with Teachers', which has representation on the Board, and also has direct lines of access to the Chairman, the Chief Executive Officer, the independent non-executive directors and the Company Secretary.

### Licence Compliance

The directors are responsible for establishing an adequate system of control so that assurance is provided over compliance with the provisions of the third operating licence and Section 6 game licences, and any other provisions imposed by or under any statute which relate to the running of The National Lottery or the promotion of any constituent lottery. The system of internal control includes the reporting of regulatory matters to the Audit, Risk and Security Committee by the Director of Business Assurance and Director of Regulatory Affairs. Internal audits and reviews performed by the Internal Audit function also provide assurance.

### Risk Management and Internal Control

#### Managing Risks

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

Business Assurance provides independent and objective assessment to Camelot to support its strategic aims, through improving the integrity and effectiveness of the organisation's risk management, control, compliance and governance processes.

Business Assurance comprises Internal Audit, Compliance and Risk & Insurance functions, and is led by the Director of Business Assurance, who reports independently to the Chair of the Audit, Risk and Security Committee.

## REPORT ON CORPORATE GOVERNANCE (CONTINUED)

### Risk Management and Internal Control (continued)

#### Managing Risks (continued)

The purpose of the Risk & Insurance function is to ensure that the Company maintains an enterprise risk management (ERM) process that demonstrates the effective risk management and effective corporate governance processes and compliance with Gambling Commission licensing requirements.

The key outputs from the Risk & Insurance function are the principal risk registers and the functional risk registers to give top-down and bottom-up views of risk.

Within Camelot, the review of risk and internal controls is an integrated, embedded management process rather than an isolated year-end exercise, and is designed to support management's decision-making.

#### Roles and Responsibilities

##### Board of Directors

The Board has carried out a robust assessment of Camelot's emerging and principal risks during 2020/21, by means of the governance described below.

Oversight of the ERM process to ensure that it is used to help inform, develop and achieve the strategic objectives of the Company.

At each Board meeting following an Audit, Risk and Security Committee meeting, the Chair of the Committee presents key risks to the Board, which reviews how these risks are being controlled and monitored by Management.

##### Audit Risk and Security Committee (ARSC)

Reviewing management's identification of the significant risks (principal risks) of the Company in accordance with the ERM policy, and the controls in place and planned to mitigate exposures.

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

### The Compliance and Risk Committee (CRC)

The CRC is a sub-committee of the Executive Committee, where the risk appetite and tolerance statement is proposed, the overall risk position of the Company is considered, the effectiveness of the current ERM process is assessed and changes are driven forward. The CRC meets prior to each ARSC meeting to review and assess the Company's key risks for communication to the Executive and then ARSC. This Committee also provides a forum for sharing strategic decisions that could impact risk management, and for improving the overall Company control environment. Beginning in April 2021, the CRC also has begun to meet monthly in order to focus on compliance and risk management at a more operational level.

#### Risk Owners

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

#### Risk Management Process

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

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

#### 1. Risk Identification

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

### Risk Management and Internal Control (continued)

#### Roles and Responsibilities (continued)

##### Risk Management Process (continued)

###### 2. Risk Assessment and Measurement

Risk assessment includes consideration of: (a) the likelihood of the risk and (b) the impact of the risk occurring on the achievement of Camelot's objectives within a specified timeframe.

###### 3. Risk Response and Action

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

###### 4. Monitoring

Risk and response activities should be monitored by the Risk Owner on a regular basis to ensure that their risks remain within tolerance.

###### 5. Reporting

The Board, ARSC and CRC require the results of the ERM process to be periodically reported to them in their oversight capacity, and to gain assurance that risks are being proactively managed (and mitigated) within the approved risk tolerance levels.

#### Risk Categories and Risk Appetite

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

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

The Company's risk appetite, which has been set by the Board, clearly articulates the amount of acceptable risk within which departments can operate. This risk appetite provides direction and boundaries for consistent, measured, risk-aware decision-making throughout the business, and guides the Company in taking the right level of risk. A scale of low to extreme illustrates the range of risk appetite, as well as risk tolerance, across each of the eight categories of risk. For example, the Company may take more risk in the pursuit of commercial objectives than it would with respect to legal or regulatory requirements.

#### Internal Control

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

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

In doing so, the Board has been mindful of the broad stakeholder responsibilities of the Company arising from the operation and promotion of The National Lottery, alongside its responsibility to its shareholders. More details of how Camelot consults with its stakeholders are set out in the "Doing Business Responsibly" section on pages 114 to 141 and in the section 172 statement on pages 172 to 175.

In adopting the principles and practice of the Code, the Board has taken account of the fact that the Company's principal shareholder is represented on the Board. Accordingly, the Board considers that many of the Code's provisions relating to a public company's responsibilities to protect shareholders' interests and to communicate to shareholders are not relevant to the Company, and it believes that robust governance has been maintained appropriately in the context of its ownership.

Those areas where the Board has chosen to depart from the provisions of the Code during the year are set out below.

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

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

## REPORT ON CORPORATE GOVERNANCE (CONTINUED)

### Risk Management and Internal Control (continued)

**Provision 30** requires a board to report in annual and half-yearly financial statements whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements. Given the Company's existing reporting obligations, it being owned ultimately by a single shareholder and the high degree of oversight of its operations by the Gambling Commission, it is not appropriate for the directors to report on a half-yearly basis. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with provision 30 of the Code.

**Provisions 32 and 24** relate to the composition of the Remuneration and Audit Committees respectively. The provisions set out that the Remuneration and Audit Committees should comprise independent non-executive directors.

- During 2020/21, the Remuneration Committee comprised two non-executive directors, one of whom is an employee of Teachers' and therefore is not deemed to be independent under the terms of the Code (though they are independent of management). Under the Company's Articles of Association, the right to appoint the members of the Remuneration Committee is reserved exclusively to the C preference shareholders and so the provision is not relevant to the Company.
- The Audit, Risk and Security Committee comprises three independent non-executive directors and one non-executive director who is not deemed to be independent under the terms of the Code; she is, however, independent of management.
- Neither of the executive directors nor any other member of Camelot staff is a member of these committees. This structure has been agreed by the Board as a whole, which believes that the Remuneration and Audit Committees are appropriately resourced. The Gambling Commission has waived the requirement of condition 14.2 of the third operating licence that the Company should comply with these two provisions of the Code.

The Gambling Commission's waivers referred to above are subject to two conditions:

- the Commission must be promptly notified by the Chairman, or his nominee, if a Board decision is taken which is voted against by two or more of the independent non-executive directors; and
- any proposed changes to the Company's Board structure require the Commission's prior written consent.

In previous years the Chairman has met the Chair of the Gambling Commission twice a year to discuss performance, but owing to the Covid-19 pandemic and the Fourth Licence Competition their direct engagement was limited to one call during the year under review and a subsequent call in April 2021 (both also attended by Commission officials) to discuss performance and National Lottery support for Covid-related initiatives.

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

## Report on the Audit of the Financial Statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

As explained in note 2 to the financial statements, the company, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

### Basis for opinion

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

### Independence

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

### Our audit approach

#### Overview



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

- Financial impact of non-compliance with Licence requirements (refer to note 18)
- Going concern assessment in light of COVID-19 impact (refer to the Going Concern section of the Directors' Report on page 181)

- Overall materiality: £7,200,000 (2020: £7,200,000) based on 1% of net income.
- Performance materiality: £5,400,000.

#### 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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Provisions – Long Term Incentive Plans, which was a key audit matter last year, is no longer included because of the absence of new schemes or significant changes in the year and a history of no identified misstatements. Otherwise, the key audit matters below are consistent with last year.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Key audit matter

#### *Financial impact of non-compliance with Licence requirements (refer to note 18)*

The company operates the UK National Lottery pursuant to an operating Licence granted by its regulator, the Gambling Commission.

This Licence requires the company to comply with its terms and confirm a number of statements to the Gambling Commission as part of its regulatory reporting.

This is an area of increased focus because non-compliance with the Licence terms could result in legal action, reputational damage, penalties or loss of the Licence to operate the UK National Lottery, all of which would have an adverse impact on the company and is prevalent across all financial statement assertions.

In addition, the company is nearing the end of its Third Licence and non-compliance could impact its ability to be awarded the Fourth Licence. The financial impact of this risk could include changes to liabilities and impact on viability.

#### *Going concern assessment in light of COVID-19 impact (refer to the Going Concern section of the Directors' Report on page 181)*

The COVID-19 pandemic gives rise to an unprecedented economic environment and increases the credit and financial liquidity risk of the company.

The extent of the negative impact of the pandemic on future trading performance is unclear.

To support the Directors' assessment of going concern, a cash flow forecast has been prepared which includes their best estimate of the continued impact of COVID-19.

This model and the related assumptions has been used to underpin the Directors' going concern assessment.

As part of the assessment, a downside scenario has been modelled in order to assess the impact of changes in assumptions that would erode the forecast liquidity and whether this scenario is considered to be reasonably possible.

The Directors concluded that the downside case that results in removal of headroom is not plausible based on historical performance, results to date and their knowledge of the lottery sector. Together with this and an assessment of the principal risks and uncertainties facing the company, the Directors have concluded that the company is a going concern and that no material uncertainty exists.

### How our audit addressed the key audit matter

We considered ongoing discussions and reviewed correspondence with the Gambling Commission to assess whether there is any evidence of non-compliance with the Licence requirements and any material exposure thereon.

We assessed any changes to liabilities, contingencies and disclosures in light of any Gambling Commission findings or ongoing investigations.

Based on the evidence obtained, and noting the inherent uncertainty associated with these types of legal and regulatory matters, we determined the liability at 31 March 2021 to be supportable and are not aware of any instances of non-compliance that would impact on the company's viability statement.

We obtained management's going concern assessment and cash flow forecast, tested the mathematical accuracy of the model and compared the inputs to the latest board approved budgets that factored in the continuing impact of COVID-19.

We considered the appropriateness of key assumptions used to forecast future ticket sales, including sales channel mix between digital and retail, and compared them to actual trading results to date.

We also considered the appropriateness of the sales forecast in light of historic trends.

We agreed available debt facilities and covenants to the underlying agreements.

We performed downside stress testing in relation to the key assumptions, noting that liquidity headroom is maintained and covenants are not breached within the going concern review period.

Our conclusions regarding the directors' use of the going concern basis of accounting are set out in the 'Conclusions relating to going concern' section of our report below.

### How we tailored the audit scope

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

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

#### *Materiality*

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

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

#### *Overall company materiality*

£7,200,000 (2020: £7,200,000).

#### *How we determined it*

1% of net income.

#### *Rationale for benchmark applied*

We have applied this benchmark as it is our understanding that net income is the principal measure monitored by the company's shareholder in assessing the financial performance of the company.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £5,400,000 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 £360,000 (2020: £360,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's supporting cash flow forecast, testing the mathematical accuracy and comparing the inputs to the latest board approved budgets.
- Considering the appropriateness of key assumptions used to forecast future ticket sales, including sales channel mix between digital and retail, comparing them to actual trading results to June 2021 and considering their appropriateness in light of historic trends.
- Agreeing available debt facilities and covenants to the underlying agreements and performing downside stress testing in relation to the key assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Corporate governance statement

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

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Responsibilities for the financial statements and the audit

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of the Third National Lottery Licence, granted by the UK Gambling Commission, and UK tax 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

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

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

### Responsibilities for the financial statements and the audit

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

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

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

#### **Use of this report**

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 June 2021

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £m	2020 £m
Gross ticket sales	3	8,373.9	7,905.1
Lottery Duty		(1,004.9)	(948.6)
Prizes		(4,854.7)	(4,505.0)
National Lottery Distribution Funds		(1,786.8)	(1,730.0)
<b>Net income</b>		<b>727.5</b>	<b>721.5</b>
Retailers' and other commission		(285.0)	(312.7)
Gaming systems and data communication costs		(125.6)	(126.2)
<b>Gross profit</b>		<b>316.9</b>	<b>282.6</b>
Administrative expenses		(228.8)	(190.8)
Other operating income		6.8	3.9
<b>Operating profit</b>	4	<b>94.9</b>	<b>95.7</b>
Finance income	6	3.4	3.7
Finance costs	6	(3.1)	(4.4)
<b>Profit before income tax</b>		<b>95.2</b>	<b>95.0</b>
Income tax	7	(17.1)	(16.9)
<b>Profit for the financial year and total comprehensive income attributable to owners of the Company after tax</b>		<b>78.1</b>	<b>78.1</b>

The results detailed above are all derived from continuing operations.

The notes on pages 212 to 240 are an integral part of these financial statements.

## BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £m	2020 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9	40.2	43.5
Property, plant and equipment	10	19.3	31.3
Right-of-use assets	11	23.3	35.8
Deferred taxation	19	10.2	8.0
Trade and other receivables	13	36.8	36.9
		<b>129.8</b>	<b>155.5</b>
<b>Current assets</b>			
Inventories	12	1.4	1.7
Trade and other receivables	13	574.2	537.7
Current income tax receivable		-	0.1
Cash and cash equivalents	14	185.2	181.4
		<b>760.8</b>	<b>720.9</b>
<b>Total assets</b>		<b>890.6</b>	<b>876.4</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	17	10.5	21.5
Trade and other payables	18	2.5	0.3
Provisions for liabilities and other charges	20	17.8	21.5
		<b>30.8</b>	<b>43.3</b>
<b>Current liabilities</b>			
Financial liabilities	17	11.3	47.7
Trade and other payables	18	762.0	732.9
Current income tax liability		1.9	-
Provisions for liabilities and other charges	20	6.6	5.2
		<b>781.8</b>	<b>785.8</b>
<b>Total liabilities</b>		<b>812.6</b>	<b>829.1</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	21	0.0	0.0
Retained earnings	22	78.0	47.3
<b>Total equity</b>		<b>78.0</b>	<b>47.3</b>
<b>Total equity and liabilities</b>		<b>890.6</b>	<b>876.4</b>

The notes on pages 212 to 240 are an integral part of these financial statements.

The financial statements on pages 208 to 211, including the accompanying notes, were approved by the Board of Directors on 24 June 2021 and were signed on its behalf by:

Sir Hugh Robertson KCMG PC DL  
Chairman

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share capital £m	Retained earnings £m	Total equity £m
<b>Balance as at 1 April 2019</b>		0.0	<b>49.4</b>	<b>49.4</b>
<b>Comprehensive income</b>				
Profit for the financial year	-		78.1	<b>78.1</b>
<b>Total Comprehensive Income</b>		-	<b>78.1</b>	<b>78.1</b>
<b>Transactions with owners</b>				
Dividends paid	8	-	(80.2)	(80.2)
<b>Total transactions with owners</b>		-	<b>(80.2)</b>	<b>(80.2)</b>
<b>Balance as at 31 March 2020</b>		0.0	<b>47.3</b>	<b>47.3</b>
<b>Comprehensive income</b>				
Profit for the financial year	-		78.1	<b>78.1</b>
<b>Total Comprehensive Income</b>		-	<b>78.1</b>	<b>78.1</b>
<b>Transactions with owners</b>				
Dividends paid	8	-	(47.4)	(47.4)
<b>Total transactions with owners</b>		-	<b>(47.4)</b>	<b>(47.4)</b>
<b>Balance as at 31 March 2021</b>		0.0	<b>78.0</b>	<b>78.0</b>

At 31 March 2021, the Company has £1,000 of ordinary 'A' class share capital (2020: £1,000) and £10 of preference 'C' class share capital (2020: £10), as disclosed in note 21 to these financial statements.

The notes on pages 212 to 240 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 Total £m	2020 Total £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	23	<b>137.3</b>	198.7
Interest received		<b>3.4</b>	3.7
Interest paid		(3.1)	(4.4)
Income tax paid		(14.0)	(20.6)
Group relief payments		(8.7)	(3.9)
<b>Net cash from operating activities</b>		<b>114.9</b>	<b>173.5</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		(2.3)	(2.0)
Expenditure on intangible assets		(13.9)	(13.7)
<b>Net cash used in investing activities</b>		<b>(16.2)</b>	<b>(15.7)</b>
<b>Cash flows used in financing activities</b>			
Dividends paid to shareholders – interim		(47.4)	(80.2)
Revolving credit facility (repayment)/drawdown		(35.0)	35.0
Principal lease payments		(12.5)	(16.8)
<b>Net cash used in financing activities</b>		<b>(94.9)</b>	<b>(62.0)</b>
<b>Net increase in cash, cash equivalents and bank overdrafts</b>		<b>3.8</b>	<b>95.8</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		<b>181.4</b>	85.6
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	14	<b>185.2</b>	<b>181.4</b>

The notes on pages 212 to 240 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

Camelot UK Lotteries Limited ('the Company' or 'Camelot') operates and promotes The United Kingdom National Lottery. The Company operates in the United Kingdom and Isle of Man.

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

Its immediate parent is Premier Lotteries UK Limited (PLUK), a subsidiary of Premier Lotteries Capital UK Limited (PLCUK), itself a subsidiary of Premier Lotteries Investments UK Limited (PLIUK). PLUK is the parent undertaking of the smallest group to consolidate these financial statements reporting under international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For more information on how the directors have assessed viability, refer to the Viability Assessment section in the Directors Report on page 182. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's financial risk management is given in note 16.

The Company's ultimate parent undertaking and controlling party is Ontario Teachers' Pension Plan (Teachers'), headquartered in Canada. The financial statements of Teachers' are publicly available at [www.otpp.com](http://www.otpp.com). The Company maintains close links with Teachers', which has representatives on the Board and also have direct lines of access to the Chairman, the Chief Executive, the independent non-executive directors and the Company Secretary.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements for the year ended 31 March 2021 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For more information on how the directors have assessed viability, refer to the Viability Assessment section in the Directors Report on page 182. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's financial risk management is given in note 16.

The Company's accounting policies were selected by management considering all applicable international accounting standards as at 31 March 2021.

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

There were no new accounting standards, or amendments to accounting standards that are effective for the year ended 31 March 2021, having a material impact on the Company.

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

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2021. The Company has not early-adopted any standard, amendment or interpretation in the year. The directors are currently evaluating the impact of these new standards on the financial statements but their adoption is not expected to have a material impact on the annual financial statements, and they will be planned for adoption in line with when they are effective.

## 2. Summary of Significant Accounting Policies (continued)

### a) Basis of preparation (continued)

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

The new standards, amendments and interpretations are:

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities (effective for 31 March 2022 year end).

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform – Phase 2' (effective for 31 March 2022 year end).

### b) Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with applicable international accounting standards requires the use of certain critical accounting assumptions, and it also requires management to exercise its judgement and to make estimates in the process of applying the Company's accounting policies. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are discussed below and in the provisions section in note 2(s).

#### Judgements

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

#### Estimates

##### *Long-term incentive plans*

Provisions are made for the Company's long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company's performance criteria when the Company has a present legal or constructive obligation to incur this cost. The provision at 31 March 2021 is £9.9m (2020: £12.4m). This provision would be £3.5m higher as at 31 March 2021 if all upside targets were considered achievable and no employees in the scheme left the Company during the performance period. A new scheme linked to the outcome of a successful bid for the fourth licence to operate The National Lottery was issued to certain employees during 2020. In accordance with the relevant accounting standards, no provision for

this scheme has been raised in the year, given the inherent uncertainty around whether the Company will be successful in its bid.

#### *Climate Change*

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. The Company has a role to play in limiting warming by improving its energy management, reducing its carbon emissions and working with its suppliers to reduce the impact of the goods and services that they provide. In the Company's view, climate change doesn't represent a material estimation uncertainty. For further details, see the "Environmental Impact" section on pages 137 to 139.

#### c) Segmental reporting

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

#### d) Gross ticket sales

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of Significant Accounting Policies (continued)

#### e) Lottery duty

Lottery duty is 12% of gross ticket sales.

#### f) Prizes

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

To the extent that the actual prizes won on the Lotto and EuroMillions draws vary from the predetermined prize percentage, the relevant prize is carried forward under a Rollover to subsequent draws.

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

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

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

#### g) National Lottery Distribution Fund

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

Amounts charged to the Statement of Comprehensive Income represent:

- The amounts arising due to the respective bodies based on cumulative gross ticket sales less Lottery Duty, prizes and commissions. The amounts recognised are calculated in line with the method set out in the third operating licence under which the Company has operated during the year; and

- The profits to be shared with the NLDF as a result of Camelot achieving certain profit targets. This distribution of profits is known as Secondary Contributions and the payments to be made are as set out in the third operating licence.

#### h) Net Income

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

All income is derived from and originates in the United Kingdom and the Isle of Man. The presentation of net income is consistent with common practice within the gaming industry and is accounted for under IFRS 9 Financial Instruments. The Company reports the gains and losses on gaming activities as Net Income. Gross ticket sales comprise the wagers placed across the portfolio of games. Once the game takes place and the outcome is known, Net Income is recognised as gross ticket sales net of Lottery Duty, prize costs and amounts due to the National Lottery Distribution Fund.

#### i) Retailers' and Other Commissions

The commission rate paid for Scratchcard sales is 6% and 5% for draw-based games. In addition, retailers receive 1% commission for prizes paid out above £10 for Scratchcards and £30 for draw-based games, both up to and including £500. The Post Office is able to validate prizes between £500 and £50,000, for which it continues to receive an annual payment.

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

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

#### j) Gaming Systems, Data Communication Costs and Administrative Expenses

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

### 2. Summary of Significant Accounting Policies (continued)

#### k) Other Operating Income

Other operating income primarily comprises an operating fee receivable from retailers who lease terminals in the estate and income from insurance claims.

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

#### l) Intangible Assets

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

##### *Internally generated intangible assets*

Costs relating to the development of software and The National Lottery website, including design and content development, are capitalised as intangible assets only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the Statement of Comprehensive Income as incurred.

Capitalised development costs are amortised on a straight-line basis over the period gaining economic benefit from the expenditure once the related product is available for use. Research costs are charged to the Statement of Comprehensive Income as incurred. Interactive development costs that relate to channels other than the website are also capitalised on the same basis. Assets under construction are not amortised until they are brought into use. Amortisation is usually over either four years or to the end of the original third licence extension which ran to January 2023. Management have considered the impact of extending the amortisation period to the end of the new third licence extension date of July 2023 and have concluded that the impact would not be material to the financial statements.

##### *Separately acquired intangible assets*

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

Amortisation is provided on all intangible assets at such rates as to write off the cost of these assets in equal instalments, either over their expected useful lives or the remaining original third operating licence period throughout which benefit is anticipated to be derived from the asset. The original third operating licence extension ran to January 2023. Management have considered the impact of extending the amortisation period to the end of the new third licence extension date of July 2023 and have concluded that the impact would not be material to the financial statements.

The value of separately acquired and internally generated intangible assets is amortised in equal instalments as follows:

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

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

##### *Impairment of intangible assets*

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of Significant Accounting Policies (continued)

#### m) Property, Plant and Equipment

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

Depreciation is provided on all property, plant and equipment on a straight-line basis to write off the cost of these assets in equal instalments, either over their expected useful lives or the original third licence extension period which ran to January 2023 and has been applied prospectively. Management have considered the impact of extending the depreciation period to the end of the new third licence extension date of July 2023 and have concluded that the impact would not be material to the financial statements.

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

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

#### Plant and equipment and motor vehicles

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

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

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

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

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

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

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

Motor vehicles – the shorter of lease term or the period to the end of the original third operating licence extension.

#### n) Leases and Right-of-Use Assets

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

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

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

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

#### Initial recognition

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

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

(a) the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease.

If that cannot be readily determined, the Company uses the incremental borrowing rate.

### 2. Summary of Significant Accounting Policies (continued)

#### n) Leases and Right-of-Use Assets (continued)

##### *Initial recognition (continued)*

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

Property portfolio – 5.5% discount rate

Plant, Equipment and Vehicles portfolio – 11.0% discount rate

These are considered the incremental borrowing rates for these portfolios;

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

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

##### *Subsequent measurement of the right-of-use asset*

Right-of-use assets are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided on all right-of-use assets on a straight line basis to write off the cost of these assets in equal instalments over the term of their lease or the remaining term of the original third operating licence extension, if shorter. Management have considered the impact of extending the depreciation period to the end of the new third licence extension date of July 2023 and have concluded that the impact would not be material to the financial statements.

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

##### *Subsequent measurement of the lease liability*

The lease liability is measured:

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

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

(c) measuring the carrying amount again should any changes in the lease be made.

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

#### *Operating leases*

Leases which are either short term or low value are classified as operating leases. Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

#### *o) Inventories*

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

#### *p) Trade and Other Receivables*

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of Significant Accounting Policies (continued)

#### p) Trade and Other Receivables (continued)

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

#### q) Trade and Other Payables

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

#### r) Financial Instruments

Exposure to credit, interest rate, currency and liquidity risks that arise in the normal course of the Company's business are minimised by Camelot's policies and controls, as disclosed in note 16.

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

##### **Cash and cash equivalents**

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

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

##### **Borrowings**

Borrowings comprise amounts drawn down against the Company's bank facilities, amounts (other than trade payables) due to parent undertakings and any bank overdrafts as defined above. They are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### **s) Provisions**

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

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

The dilapidation provision is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreement.

Provisions for restructuring costs are recognised where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated. Provisions are not recognised for future operating losses.

### 2. Summary of Significant Accounting Policies (continued)

#### s) Provisions (continued)

Provisions are made for the Company's long-term incentive plan (bonus scheme for senior management) (LTIP) in line with the Company's performance criteria.

Other provisions primarily relate to provisions for future legal costs where there is a present obligation to incur this cost.

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

#### t) Pensions

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

#### u) Current and Deferred Income Tax

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

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

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

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

#### v) Value Added Tax (VAT)

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

#### w) Share Capital and Dividend Recognition

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

#### x) Foreign Currency

##### **Functional and presentation currency**

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

##### **Transactions and balances**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of Significant Accounting Policies (continued)

#### a) Non-GAAP Reconciliation

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

	2021 £m	2020 £m
<b>Returns to or Amounts generated for Good Causes</b>		
National Lottery Distribution Fund per the SOCI	<b>1,786.8</b>	1,730.0
plus additional amounts paid to NLDF	0.6	-
plus unclaimed prizes that would have been previously recognised within Prizes	<b>100.1</b>	123.1
Returns to or Amounts generated for Good Causes	<b>1,887.5</b>	1,853.1
 <b>Returns to Society</b>		
Amounts generated for Good Causes as above	<b>1,887.5</b>	1,853.1
plus Lottery Duty per the SOCI	<b>1,004.9</b>	948.6
Returns to Society	<b>2,892.4</b>	2,801.7
 <b>Returns to winners and society</b>		
National Lottery Distribution Fund per the SOCI	<b>1,786.8</b>	1,730.0
plus Lottery Duty per the SOCI	<b>1,004.9</b>	948.6
plus retailer commission included in Retailers' and other commission in the SOCI	<b>275.9</b>	307.1
plus Prizes per the SOCI	<b>4,854.7</b>	4,505.0
Returns to winners and society	<b>7,922.3</b>	7,490.7
Percentage of gross ticket sales	95%	95%
 <b>The percentage of total revenue spent on Operating costs is calculated as follows</b>		
Gaming System and data communication costs per the SOCI	<b>125.6</b>	126.2
plus Administrative expenses per the SOCI	<b>228.8</b>	190.8
less Other operating income per the SOCI	<b>(6.8)</b>	(3.9)
Operating Costs	<b>347.6</b>	313.1
Percentage of gross ticket sales	4%	4%
 <b>Total Funds payable to Good Causes during the year as published on the Gambling Commission's website</b>		
Consists of: Returns to or Amounts generated for Good Causes as above	<b>1,887.5</b>	1,853.1
less Amounts received from the NLDF in respect of marketing for the long-term health of The National Lottery on an accruals basis (note 4)	<b>(59.2)</b>	(56.6)
less Other adjustments under the Licence	<b>(3.9)</b>	(3.2)
plus/(less) Adjustment to recognise the amount below on a cash rather than accruals basis	<b>7.0</b>	(5.0)
Total Funds payable to Good Causes during the year as published on the Gambling Commission's website	<b>1,831.4</b>	1,788.3

### 3. Gross Ticket Sales

The Company is operated and managed as a single business segment in one geographical area, the United Kingdom and Isle of Man, across a portfolio of games aimed to maximise the reach of The National Lottery. Gross ticket sales by type of game are analysed as follows:

	2021 £m	2020 £m
Draw-based games	4,690.7	4,537.1
Scratchcards and interactive Instant Win Games	3,683.2	3,368.0
	<b>8,373.9</b>	7,905.1

### 4. Operating Profit

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

	2021 £m	2020 £m
Other operating income <sup>1</sup>	3.6	3.9
Other operating income: Insurance claim income	3.2	-
Marketing expenses <sup>2</sup>	(104.7)	(83.8)
Research	(4.4)	(7.2)
Amortisation on intangible assets (note 9)	(17.2)	(18.4)
Depreciation on property, plant and equipment (note 10)	(14.8)	(13.1)
Depreciation on right-of-use assets (note 11)	(12.6)	(14.3)
Operating lease rentals <sup>3</sup>	-	(0.5)
Auditors' remuneration – fees payable for the audit of the Company's financial statements	(0.5)	(0.6)

<sup>1</sup> Other operating income primarily comprises an operating fee receivable from retailers who lease Compact Lottery Terminals (CLT) in the estate. The operating fee income is recognised on a straight-line basis over the term of the agreement. Income is only recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

<sup>2</sup> Marketing is shown net of amounts received from the NLDF during the year of £59.2m (2020: £56.6m) in respect of marketing to support the long-term health of The National Lottery.

<sup>3</sup> Operating leases relate to low-value assets and are included within Administrative Expenses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. Employee Expenses and Numbers

	2021 £m	2020 £m
<b>Employee expenses</b>		
Wages and salaries	66.2	54.8
Social security costs	7.3	6.3
Other pension costs	3.0	2.8
	<b>76.5</b>	<b>63.9</b>

### Monthly average number of Camelot employees

	2021 Number	2020 Number
Retailer and consumer services	122	119
Sales and marketing	562	517
Information technology	181	169
Finance, administration and other	174	155
	<b>1039</b>	<b>960</b>

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.

### Key management personnel compensation

	2021 £m	2020 £m
Short-term employee benefits	6.3	6.0
Other long-term benefits	1.7	0.9
Post-employment benefits	0.5	0.5
	<b>8.5</b>	<b>7.4</b>

The amounts above include compensation for all 12 members of the UK Executive Board employed by Camelot UK during the year.

### 5. Employee Expenses and Numbers (continued)

	2021 £m	2020 £m
<b>Directors' emoluments</b>		
Salaries and short-term employee benefits	2.4	1.8
Long-term incentive plans	1.7	0.1
Other pension costs	0.1	0.1
Payments to past directors	1.8	-
Aggregate emoluments	<b>6.0</b>	<b>2.0</b>

### Highest-paid director's emoluments

	2021 £m	2020 £m
Salaries and short-term employee benefits	1.1	1.1
Long-term incentive plans	1.7	0.1
Other pension costs	0.1	0.1
Aggregate emoluments	<b>2.9</b>	<b>1.3</b>

At 31 March 2021, the Board comprised eight members: the Chairman, four independent non-executive directors, one non-executive director (an officer of Teachers') and two executive directors (the Chief Executive and Chief Financial Officer).

Nigel Railton was the highest-paid director in 2021. In 2021, he received payments of £2.9m for his services as director from Camelot UK Lotteries Limited (2020: £1.3m). The long-term incentive plan (LTIP) payment of £1.7m, received by Mr Railton in April 2020, is the final payment under an LTIP that was awarded in 2011, with a performance assessment period from 1 April 2011 to 31 March 2019.

Payments to past directors of £1.8m are amounts paid to Andrew Duncan. These relate to a final payment of £1.6m under an LTIP that was awarded in 2011 and a payment of £0.2m under an LTIP that was awarded in 2015 which were agreed as part of Mr Duncan's severance agreement with the Company in 2017.

At the end of the financial year, no directors (2020: none) were members of the Group money purchase pension scheme.

During the year, Dianne Thompson received long-term incentive plan payments which are paid by and disclosed in the financial statements of Camelot Business Solutions Limited. She did not act as a director of Camelot Business Solutions Limited, nor of Camelot UK Lotteries Limited, during the year.

Long-term incentive plans (LTIP) have been in place since 2009 and run through to 2024. Both short-term and long-term incentive plans follow industry best practice, with stretching targets and measurable performance.

### 6. Finance Income and Costs

	2021 £m	2020 £m
Interest receivable from bank deposits	0.1	0.4
Interest receivable on loan due from PLUK	3.3	3.3
Finance income	<b>3.4</b>	<b>3.7</b>
Interest payable on other loans	(0.5)	(0.8)
Interest payable on leases	(2.6)	(3.6)
Finance costs	<b>(3.1)</b>	<b>(4.4)</b>
<b>Net finance income/(costs)</b>	<b>0.3</b>	<b>(0.7)</b>

Interest payable on leases relates to £2.6m interest on leases brought on to the Balance Sheet due to IFRS 16 (2020: £3.4m) and £nil interest on leases existing pre-IFRS 16 (2020: £0.2m).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Income Tax

#### a) UK corporation tax

	2021 £m	2020 £m
Current income tax for the year	19.6	20.3
Adjustments in respect of prior years	(0.3)	-
Total current tax	<b>19.3</b>	<b>20.3</b>
Deferred income tax charge for the year	(2.1)	(2.7)
Adjustments in respect of prior years	(0.1)	(0.1)
Changes in applicable tax rate	-	(0.6)
Total deferred tax	<b>(2.2)</b>	<b>(3.4)</b>
<b>Income tax expense</b>	<b>17.1</b>	<b>16.9</b>

The rate of UK corporation tax reflected in these financial statements is 19% (2020: 19%). In the Spring Budget 2021, the government announced that, from 1 April 2023, the corporation tax rate would increase to 25% (rather than the current rate of 19%, as previously enacted following the Spring Budget 2020). This new law was not substantively enacted by 31 March 2021. As the proposal to increase the rate to 25% has not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements for deferred tax purposes. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would be to reduce the tax expense for the year by £3.3m and to increase the deferred tax asset by £3.3m. All taxable temporary differences have been recognised and are reflected in the deferred taxation balance.

#### b) Reconciliation of tax expense

	2021 £m	2020 £m
<b>Profit before income tax</b>	<b>95.2</b>	<b>95.0</b>
Income tax on profit on ordinary activities at the standard rate of 19% (2020: 19%)	18.1	18.1
Permanent adjustments	(0.6)	(0.5)
Adjustments in respect of prior years	(0.4)	(0.1)
Effect of rate change	-	(0.6)
<b>Income tax expense</b>	<b>17.1</b>	<b>16.9</b>

### 8. Dividends

	2021 £m	2020 £m
Interim dividends paid to shareholders for aggregate ordinary class 'A' shares and class 'C' preference shares	47.4	80.2
	<b>47.4</b>	<b>80.2</b>

Dividend per share for the year was £46,952 (2020: £79,362). No final dividend was recommended (2020: none).

### 9. Intangible Assets

	Internally generated £m	Separately acquired £m	Total £m
<b>Cost</b>			
At 1 April 2019	14.7	118.8	<b>133.5</b>
Additions	0.7	13.0	<b>13.7</b>
Disposals	-	(1.3)	<b>(1.3)</b>
At 31 March 2020	15.4	130.5	<b>145.9</b>
<b>Accumulated amortisation</b>			
At 1 April 2019	11.5	71.0	<b>82.5</b>
Charge for the year	1.3	17.1	<b>18.4</b>
Impairment	-	2.8	<b>2.8</b>
Disposals	-	(1.3)	<b>(1.3)</b>
At 31 March 2020	12.8	89.6	<b>102.4</b>
<b>Net book value at 31 March 2020</b>	<b>2.6</b>	<b>40.9</b>	<b>43.5</b>

	Internally generated £m	Separately acquired £m	Total £m
<b>Cost</b>			
At 1 April 2020	15.4	130.5	<b>145.9</b>
Reclassification*	-	(23.9)	<b>(23.9)</b>
Additions	0.2	13.7	<b>13.9</b>
Disposals	(0.6)	(9.1)	<b>(9.7)</b>
At 31 March 2021	15.0	111.2	<b>126.2</b>
<b>Accumulated amortisation</b>			
At 1 April 2020	12.8	89.6	<b>102.4</b>
Reclassification*	-	(23.9)	<b>(23.9)</b>
Charge for the year	0.9	16.3	<b>17.2</b>
Disposals	(0.6)	(9.1)	<b>(9.7)</b>
At 31 March 2021	13.1	72.9	<b>86.0</b>
<b>Net book value at 31 March 2021</b>	<b>1.9</b>	<b>38.3</b>	<b>40.2</b>

The intangible assets balance represents internally generated and separately acquired assets relating primarily to the development of software. No assets were impaired in the year (2020: £1.3m). Amortisation and impairment are charged to administrative expenses. Intangible assets of nil net book value were disposed of during the year following a management review of assets no longer in use.

Intangible assets include £7.0m (2020: £3.1m) of assets which are under construction.

\*In 2020, assets with a cost of £47.1m and a net book value of £9.9m held under finance leases were transferred from Property, Plant and Equipment (Note 10) into Right-of-Use Assets (Note 11) upon implementation of IFRS 16. The underlying leased assets transferred were however made up of both Intangible Assets and Property, Plant and Equipment. Accordingly, both the Intangible Assets (Note 9) and Property, Plant and Equipment (Note 10) have been adjusted to correctly reflect the nature of the assets transferred to Right-of-Use Assets in 2020. As the relevant assets have no net book value remaining, this reclassification has no impact on Right-of-Use Assets (Note 11), the Balance Sheet or amounts of amortisation and depreciation charged to the profit and loss account in either 2020 or 2021.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. Property, Plant and Equipment

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2019	3.2	236.1	<b>239.3</b>
Transfer to right-of-use assets	-	(47.1)	<b>(47.1)</b>
Additions	-	2.0	<b>2.0</b>
At 31 March 2020	3.2	191.0	<b>194.2</b>

#### Accumulated depreciation

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2019	3.2	183.8	<b>187.0</b>
Transfer to right-of-use assets	-	(37.2)	<b>(37.2)</b>
Charge for the year	-	13.1	<b>13.1</b>
At 31 March 2020	3.2	159.7	<b>162.9</b>

**Net book value at 31 March 2020**

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2020	3.2	191.0	<b>194.2</b>
Reclassification*	-	23.9	<b>23.9</b>
Additions	-	2.8	<b>2.8</b>
Disposals	-	(4.2)	<b>(4.2)</b>
At 31 March 2021	3.2	213.5	<b>216.7</b>

	Short leasehold improvements	Plant and equipment	Total
	£m	£m	£m
<b>Accumulated depreciation</b>			
At 1 April 2020	3.2	159.7	<b>162.9</b>
Reclassification*	-	23.9	<b>23.9</b>
Charge for the year	-	14.8	<b>14.8</b>
Disposals	-	(4.2)	<b>(4.2)</b>
At 31 March 2021	3.2	194.2	<b>197.4</b>

**Net book value at 31 March 2021**

The net book value of plant and equipment held under leases at 1 April 2019 was £9.9m, which was transferred to Right-of-use assets upon implementation of IFRS 16. Plant and equipment of nil net book value were disposed of during the year following a management review of assets no longer in use.

Plant and equipment includes £1.2m (2020: £0.8m) of assets which are under construction.

\*In 2020, assets with a cost of £47.1m and a net book value of £9.9m held under finance leases were transferred from Property, Plant and Equipment (Note 10) into Right-of-Use Assets (Note 11) upon implementation of IFRS 16. The underlying leased assets transferred were however made up of both Intangible Assets and Property, Plant and Equipment. Accordingly, both the Intangible Assets (Note 9) and Property, Plant and Equipment (Note 10) have been adjusted to correctly reflect the nature of the assets transferred to Right-of-Use Assets in 2020. As the relevant assets have no net book value remaining, this reclassification has no impact on Right-of-Use Assets (Note 11), the Balance Sheet or amounts of amortisation and depreciation charged to the profit and loss account in either 2020 or 2021.

### 11. Right-of-Use Assets

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2019	-	-	-
Implementation of IFRS 16 at 1 April 2019	17.5	32.4	<b>49.9</b>
Additions	0.2	-	<b>0.2</b>
At 31 March 2020	17.7	32.4	<b>50.1</b>

#### Accumulated depreciation

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2019	-	-	-
Charge for the year	4.6	9.7	<b>14.3</b>
At 31 March 2020	4.6	9.7	<b>14.3</b>

**Net book value at 31 March 2020**

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
<b>Cost</b>			
At 1 April 2020	17.7	32.4	<b>50.1</b>
Additions	0.1	-	<b>0.1</b>
At 31 March 2021	17.8	32.4	<b>50.2</b>

	Properties	Plant and equipment and motor vehicles	Total
	£m	£m	£m
<b>Accumulated depreciation</b>			
At 1 April 2020	4.6	9.7	<b>14.3</b>
Charge for the year	4.6	8.0	<b>12.6</b>
At 31 March 2021	9.2	17.7	<b>26.9</b>

The right-of-use assets balance represents properties and plant and equipment and motor vehicles assets following the implementation of IFRS 16 in 2020. Assets with a net book value of £9.9m were transferred in from Property, plant and equipment at 1 April 2019.

Depreciation of £7.5m (2020: £9.2m) is charged to administration expenses and £5.1m (2020: £5.1m) is charged to Gaming Systems and data communication costs. Of the total depreciation charge, £2.1m (2020: £3.8m) relates to those assets capitalised prior to 1 April 2019 and £10.5m (2020: £10.5m) to those brought onto the Balance Sheet due to IFRS 16.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. Inventories

	2021 £m	2020 £m
Scratchcard tickets	0.7	0.7
Playslips, terminal rolls and other consumables	0.7	1.0
<b>At 31 March</b>	<b>1.4</b>	<b>1.7</b>

Inventory consumed during the year amounted to £26.1m (2020: £25.3m). No provision has been raised or reversed against the inventory balance in the current year (2020: £nil).

### 13. Trade and Other Receivables

#### a) Non-current assets

	2021 £m	2020 £m
Loan due from Group companies	26.0	26.0
EuroMillions Deposit	10.8	10.9
<b>At 31 March</b>	<b>36.8</b>	<b>36.9</b>

The loan due from the Company's parent was £26.0m at 31 March 2021 (2020: £26.0m). The loan incurs interest at 12.5%. The capital is repayable at the end of the third operating licence extension period which is 31 July 2023. As at 31 March 2021, there was £0.8m interest accrued (2020: £0.8m) in addition to the loan balance outstanding. This is included in current assets as at 31 March 2021. Expected credit loss on the loan due from Group companies is considered immaterial.

The EuroMillions deposit provides security to other EuroMillions participants for Camelot's EuroMillions prize payment obligations. This amount will be repayable to Camelot in accordance with the Trust Deed and will remain on deposit until the end of the third operating license term. At 31 March 2021, Camelot had on deposit £10.8m (2020: £10.9m) of funds in a restricted cash trust account as a reserve for the protection of EuroMillions prize winners. Although Camelot cannot currently withdraw these amounts until the end of the third operating licence extension period, the interest on these accounts accrues to Camelot.

#### b) Current assets

	2021 £m	2020 £m
Trust receivables	536.6	516.7
Trade receivables	24.5	12.1
Accrued income	0.3	0.3
Prepayments	9.2	5.2
Amounts due from related parties	3.6	3.4
<b>At 31 March</b>	<b>574.2</b>	<b>537.7</b>

Trust receivables comprise the amounts due from the Trust to Camelot for unpaid prizes of £443.2m (2020: £438.7m), together with amounts held in respect of future draws both in the form of advance sales and interactive wallet balances of £93.4m (2020: £78.0m).

Trade receivables primarily represent amounts due from retailers. The increase on 2020 is due to the change in weekday that the financial year ends on.

As of 31 March 2021, trade receivables of £24.5m (2020: £11.9m) were not yet due for payment in accordance with the normal payment cycle. The recoverability of trade receivables held with multiple retailers is assessed on the retailers' level of credit risk and a credit loss allowance is recognised accordingly. Balances due from independent retailers are credit impaired when the debt becomes more than one week past due.

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

### 13. Trade and Other Receivables (continued)

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

	2021 £m	2020 £m
Current	24.8	12.2
7 days to 3 months	-	0.1
Credit loss allowance	(0.3)	(0.2)
<b>At 31 March</b>	<b>24.5</b>	<b>12.1</b>

The credit risk policy that the Company operates means that Camelot minimises its exposure to past due debt. No trade receivables are more than 30 days past due (2020: £nil). Details of the credit risk policy are provided in note 15 and note 16.

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

	2021 £m	2020 £m
At 1 April	0.2	0.2
Credit loss allowance recognised during the year	0.4	0.2
Utilised	(0.2)	(0.2)
Unused amounts reversed	(0.1)	-
<b>At 31 March</b>	<b>0.3</b>	<b>0.2</b>

All movements in the credit loss allowance have been included in administrative expenses in the Statement of Comprehensive Income.

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

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. With the exception of £6.7m (2020: £7.1m) in retailer bonds, the Company does not hold any collateral as security.

### 14. Cash and Cash Equivalents

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

	2021 £m	2020 £m
Cash at bank and in hand	27.6	92.6
Short-term bank deposits	157.6	88.8
<b>At 31 March</b>	<b>185.2</b>	<b>181.4</b>

Amounts held in short-term bank deposits comprise amounts held in either deposit accounts, Money Market Funds or 32-day notice accounts with interest earned rates at 31 March 2021 of 0.00% to 0.27% (2020: 0.27% to 0.60%). Deposit accounts and Money Market Funds are redeemable on demand.

The Company has a £55.0m committed Revolving Credit Facility, which runs until 31 October 2022 having been extended in March 2021 from its previous termination date of 30 September 2021. The amount drawn under this facility at 31 March 2021 was £nil (2020: £35.0m).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Credit Quality of Financial Assets

External credit ratings are obtained for each trade receivable counterparty at the point at which the Company starts to trade with that retailer to confirm the creditworthiness of the retailer. See note 16 for details on the Company's credit control policy for trade receivables.

External credit ratings are obtained for banks where the Company holds cash and short-term bank deposits. At 31 March 2021, financial assets totalling £59.9m (2020: £45.6m) are held in deposit accounts with banks which have Moody's short-term credit ratings of P1; £82.7m (2020: £43.2m) are held in Money Market Funds which have Moody's credit ratings of AAA; and £15.0m (2020: £nil) is held in a 32-day notice account with a bank which has a Moody's short-term credit rating of P1. Cash at bank and the trust accounts are held with Royal Bank of Scotland plc, which has a Moody's short and long-term rating of P1 and A2 respectively.

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

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

### 16. Financial Risk Management

Exposure to credit, interest rate, foreign exchange, liquidity and capital risks arise in the normal course of the Company's business. The likely impact of these risks on the Company's performance is deemed to be immaterial and therefore no sensitivity analysis has been presented in these financial statements.

#### a) Credit risk

Credit risk primarily arises from short-term credit extended to retailers. Credit insurance is held for the vast majority of the Company's multiple store retailers, and management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers at the point at which the Company starts to trade with that retailer. If the uninsured credit risk exposure is significant, Camelot will request a bond as collateral to protect against any future payment default. This is held for a minimum of two years, during which period payment patterns are monitored. Amounts invoiced to retailers are collected within three working days. If a retailer fails to make payment on the due date, the retailer's terminal is suspended until the debt is cleared. Retailer agreements set out the Company's credit policy for late payments. Further information on expected credit losses is given in note 2(o) and note 13.

Camelot continues to review its established credit policy and debt collection processes during the uncertain economic climate due to the Covid-19 pandemic. Reviews ensure that the policies and processes are appropriate and address any additional exposures to increased credit risk. Management is confident that the current arrangements minimise the Company's exposure in this area, although this continues to be closely monitored.

At the Balance Sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the Balance Sheet.

The Company's investment policy restricts investment to short-term money market deposits or Money Market Fund deposits, and only with counterparties that have strong credit quality and a strong capacity for timely payment of short-term deposit obligations. Further information on credit quality of financial assets is given in note 15.

The carrying value of financial assets approximates to fair value.

#### b) Interest rate risk

The Company's £55.0m Revolving Credit Facility allows short-term borrowings at floating rates of interest (base rate plus 1.5%). Restrictive covenants on the level of leverage and interest cover exist on this facility. At 31 March 2021, the facility was undrawn (2020: £35.0m).

At 31 March 2021, the value of the loan receivable from the Company's immediate holding company, PLUK, was £26.0m (2020: £26.0m). Interest on the loan was charged at a fixed rate of 12.5% and, therefore, there was no exposure to changes in interest rates.

Short-term bank deposits are predominately in fixed-rate deposit accounts which are redeemable on demand. The average rate of return on deposit accounts used by the Company during the year was 0.08% (2020: 0.54%). Short-term bank deposits in 2021 and 2020 were predominately denominated in GBP Sterling.

### 16. Financial Risk Management (continued)

#### c) Foreign exchange risk

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

Included within Administrative expenses in the Statement of Comprehensive Income are £0.1m net foreign exchange losses (2020: £0.1m gains).

#### d) Liquidity risk

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

In addition to its own free cash flow, the Company has a £55.0m syndicated Revolving Credit Facility disclosed in note 14. This facility, of which £nil was drawn down at 31 March 2021 (2020: £35.0m), contains covenants, tested quarterly, including a maximum level of leverage of less than or equal to 2.00 and a minimum level of interest cover of greater than or equal to 2.00, both of which the Company has met. The undrawn level of this facility, together with the Company's cash balances, are the key measures of the Company's liquidity. The Company's cash is subject to regular daily, weekly and monthly cycles that are factored into long-range cash flow forecasts, which are regularly updated and reviewed by management.

These forecasts determine adequacy of the Company's liquidity facilities, and the timing of drawings and repayments under the above facilities.

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

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

	Mature in less than 1 year £m	Mature between 1 and 2 years £m	Mature between 2 and 5 years £m	Mature in greater than 5 years £m
<b>At 31 March 2020</b>				
Revolving Credit Facility	35.0	-	-	-
Lease liabilities	15.3	13.1	11.1	-
Trade and other payables	732.9	0.3	-	-
<b>At 31 March 2021</b>				
Revolving Credit Facility	-	-	-	-
Lease liabilities	13.1	11.2	0.6	-
Trade and other payables	762.0	2.5	-	-

Included in amounts under lease liabilities are amounts in respect of properties, plant and equipment and motor vehicle leases following implementation of IFRS 16 on 1 April 2019.

#### e) Capital Risk

The Company defines capital as total equity. Camelot's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company has had access to significant credit facilities during the year as disclosed in note 14. The Company has in place sufficient capital resources through its trading and banking facilities to continue in operational existence for the foreseeable future (note 26).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. Financial Risk Management (continued)

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

The total carrying amount of Financial assets at amortised cost is £704.3m (2020: £707.6m), comprising Cash and cash equivalents of £102.5m (2020: £138.2m) plus Trade and other receivables (excluding prepayments) of £601.8m (2020: £569.4m).

The total carrying value of Financial assets at fair value through profit and loss is £82.7m (2020: £43.2m), 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 the carrying value equates to the fair value.

The total carrying amount of Financial liabilities at amortised cost is £740.5m (2020: £757.9m), comprising Trade and other payables (excluding advance receipts) of £718.7m (2020: £688.7m) plus Financial liabilities as disclosed on the Balance Sheet of £21.8m (2020: £69.2m).

### 17. Financial Liabilities

#### a) Current liabilities: amounts falling due within one year

	2021 £m	2020 £m
Borrowings (Revolving Credit Facility)	-	35.0
Lease liabilities	11.3	12.7
<b>At 31 March</b>	<b>11.3</b>	<b>47.7</b>

The carrying value of current financial liabilities approximates to fair value. Borrowings comprise £nil (2020: £35.0m) drawn down on the Company's Revolving Credit Facility. The whole £35.0m movement in Borrowings in the year relates to cash movements. Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 16(d).

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

	2021 £m	2020 £m
<b>Lease liabilities</b>	<b>10.5</b>	<b>21.5</b>

Of the lease liabilities held in non-current liabilities, £10.5m (2020: £21.5m) fall due after one year, but in not more than five years. No lease liabilities fall due after five years (2020: £nil). Refer to the movement schedule for lease liabilities in note (c) and the maturity analysis of financial liabilities in note 16(d).

#### c) Lease liabilities

	Properties £m	Plant and equipment and motor vehicles £m	Total £m
The Statement of Financial Position includes the following amounts related to leases:			
<b>At 1 April 2019</b>	<b>-</b>	<b>11.3</b>	<b>11.3</b>
<b>Non-Cash Movements</b>			
Adjustment due to adoption of IFRS 16	17.0	22.5	39.5
Additions	0.2	-	0.2
Interest expense related to lease liabilities	0.9	2.7	3.6
<b>Cash Movements</b>			
Repayment of lease liabilities (including interest)	(4.8)	(15.6)	(20.4)
<b>At 31 March 2020</b>	<b>13.3</b>	<b>20.9</b>	<b>34.2</b>

### 17. Financial Liabilities (continued)

#### c) Lease liabilities (continued)

The Statement of Financial Position includes the following amounts related to leases:

<b>At 1 April 2020</b>	13.3	20.9	34.2
<b>Non-Cash Movements</b>			
Additions	0.1	-	0.1
Interest expense related to lease liabilities			
<b>Cash Movements</b>			
Repayment of lease liabilities (including interest)	(5.3)	(9.8)	(15.1)
<b>At 31 March 2021</b>	<b>8.8</b>	<b>13.0</b>	<b>21.8</b>

The total cash outflow for leases in 2021 was £15.1m (2020: £20.2m). As outlined in note 2, extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No leases contain a residual value guarantee clause. Please refer to note 2 for the information on the adoption of IFRS 16 and to note 11 for disclosure on the Right-of-use assets.

### 18. Trade and Other Payables

#### a) Current liabilities

	2021 £m	2020 £m
Prize liability		
Lottery Duty payable	460.1	479.1
Amounts payable to the NLDF	93.8	68.6
Advance receipts for future draws	27.9	32.8
Accruals	45.8	44.5
Other payables	51.7	39.1
Trade payables	51.8	40.4
Amounts due to related parties	28.6	23.2
<b>At 31 March</b>	<b>762.0</b>	<b>732.9</b>

The Prize liability represents both unclaimed prizes and amounts planned for future prize payments at 31 March 2021, and the Company had transferred £443.2m into the relevant trust accounts to meet these liabilities (2020: £438.7m). Advance receipts for future draws represent multi-draw and subscription payments relating to future draws.

Other payables mainly represent deposits received from, and prizes won by, players which are held in their interactive wallets. It also includes retailer bonds of £6.7m (2020: £7.1m). Amounts due to related parties are unsecured, interest-free and repayable on demand.

#### b) Non-current liabilities

	2021 £m	2020 £m
<b>Accruals</b>		
<b>At 31 March 2020</b>	<b>2.5</b>	<b>0.3</b>

Non-current accruals represent long-term staff incentives and the effect of spreading maintenance payment-free periods over the term of the service contract. The liability will be released over the contract term.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. Deferred Taxation

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

	2021 £m	2020 £m
Deferred tax assets:		
To be recovered after more than 12 months	10.2	8.0
<b>Deferred tax assets</b>	<b>10.2</b>	<b>8.0</b>

	2021 £m	2020 £m
Deferred tax liabilities:		
To be settled after more than 12 months	-	-
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (net)</b>	<b>10.2</b>	<b>8.0</b>

	Accelerated capital allowances	Provisions and accruals	Total
	£m	£m	£m
At 1 April 2019	0.4	4.2	4.6
Credit to the Statement of Comprehensive Income	2.6	0.2	2.8
Changes in applicable tax rate	0.1	0.5	0.6
<b>At 31 March 2020</b>	<b>3.1</b>	<b>4.9</b>	<b>8.0</b>

	Accelerated capital allowances	Provisions and accruals	Total
	£m	£m	£m
At 1 April 2020	3.1	4.9	8.0
Credit/(charge) to the Statement of Comprehensive Income	2.5	(0.3)	2.2
<b>At 31 March 2021</b>	<b>5.6</b>	<b>4.6</b>	<b>10.2</b>

### 20. Provisions for Liabilities and Other Charges

	Terminal and data communication related	Property	Restructuring	Long-term incentive plan	Other	Total
						£m
At 1 April 2019	9.0	3.5	0.7	11.6	-	24.8
Transferred upon adoption of IFRS 16	-	(0.5)	-	-	-	(0.5)
Charge to Statement of Comprehensive Income	0.3	0.2	(0.1)	2.9	0.1	3.4
Additions	0.9	-	-	-	0.5	1.4
Utilised in the year	-	-	(0.3)	(2.1)	-	(2.4)
<b>At 31 March 2020</b>	<b>10.2</b>	<b>3.2</b>	<b>0.3</b>	<b>12.4</b>	<b>0.6</b>	<b>26.7</b>

	Terminal and data communication related	Property	Restructuring	Long-term incentive plan	Other	Total
						£m
At 1 April 2020	10.2	3.2	0.3	12.4	0.6	26.7
Charge to Statement of Comprehensive Income	-	-	-	2.4	0.1	2.5
Additions	0.5	-	-	-	-	0.5
Utilised in the year	-	(0.1)	(0.1)	(4.9)	(0.2)	(5.3)
<b>At 31 March 2021</b>	<b>10.7</b>	<b>3.1</b>	<b>0.2</b>	<b>9.9</b>	<b>0.5</b>	<b>24.4</b>

Provisions have been classified between current and non-current as follows:

	2021 £m	2020 £m
Current	6.6	5.2
Non-current	17.8	21.5
	<b>24.4</b>	<b>26.7</b>

Terminal and data communications-related provisions include: a provision for the cost of decommissioning existing terminals and communications equipment held at retailer sites, and disposing of these assets at the end of the original third licence extension period; and amounts in respect of lost or destroyed terminals and associated contractual costs. This provision will be fully utilised by the end of the original third licence extension period. Non-cash additions of £0.5m are recognised in property, plant and equipment.

Property provisions comprise the dilapidation provision which is the current best estimate of the cost of bringing certain premises, held under leases, back to their original state as required by the lease agreements. On 1 April 2019, in accordance with IAS 37, the amount includes a provision for the onerous lease liabilities related to a leases contract which extends until 2023. This is included in the lease liabilities for 2020 and 2021.

The restructuring provision relates to severance costs.

The long-term incentive plan provision relates to future amounts payable to senior management in line with the Company's performance criteria when the Company has a present legal or constructive obligation to incur this cost. Payments under the schemes disclosed above are expected to be made from each year until 2023.

Other provisions primarily relate to provisions for future legal costs where there is a present obligation to incur this cost.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. Share Capital

#### a) Authorised and allotted share capital as at 31 March:

	2021 £	2020 £
<b>Authorised</b>		
1,000 (2020: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2020: 10) preference 'C' shares of £1 each	10	10
	<b>1,010</b>	<b>1,010</b>

	2021 £	2020 £
<b>Allotted, issued and fully paid</b>		
1,000 (2020: 1,000) ordinary 'A' shares of £1 each	1,000	1,000
10 (2020: 10) preference 'C' shares of £1 each	10	10
	<b>1,010</b>	<b>1,010</b>

#### b) Analysis of shareholding at 31 March 2021 and 31 March 2020

	Number of 'A' shares	Number of 'C' preference shares	Percentage holdings
Premier Lotteries UK Limited	1,000	3	99.3%
Fourmoront Corporation	-	7	0.7%
	<b>1,000</b>	<b>10</b>	<b>100.0%</b>

#### c) Rights and obligations

##### Income:

In the current year, a fixed dividend of £1,000 per share (2020: £1,000 per share) was distributed to the holders of the 'C' preference shares. The remainder is distributable pro rata among the ordinary 'A' shareholders.

##### Capital:

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed:

- (a) first, in paying to the holders of 'C' preference shares, the sum of £1 in respect of each 'C' Preference share.
- (b) second, to the holders of 'A' ordinary shares pro rata among them.

##### Class consents:

Except with the prior consent or approval in writing of the holders of all of the relevant class of shares, the Company shall not modify or vary the rights attaching to any class of its shares (unless the modification or variation affects all classes of shares similarly).

##### Voting and other rights:

In respect of the election of directors, the holders of 'C' preference shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company at which a director is to be elected, and shall have one vote per 'C' preference share held with respect to the election of any director. In respect of any other general meeting of the Company, the 'C' preference shareholders are entitled to receive notice of and to attend and speak but not vote.

The holders of 'A' ordinary shares are entitled to receive notice of and to attend, speak and vote at all general meetings of the Company save that, in respect of a general meeting at which a director is to be elected, the 'A' ordinary shareholders shall not be entitled to participate in such part of the meeting as relates to the election of a director and shall have no right to vote on such election.

### 22. Reserves

	Note	Retained earnings £m	Total £m
At 1 April 2019		49.4	49.4
Profit for the financial year		78.1	78.1
Dividends paid	8	(80.2)	(80.2)
Net decrease in shareholders' equity		(2.1)	(2.1)
<b>At 31 March 2020</b>		<b>47.3</b>	<b>47.3</b>

	Note	Retained earnings £m	Total £m
At 1 April 2020		47.3	47.3
Profit for the financial year		78.1	78.1
Dividends paid	8	(47.4)	(47.4)
Net increase in shareholders' equity		30.7	30.7
<b>At 31 March 2021</b>		<b>78.0</b>	<b>78.0</b>

### 23. Cash Generated from Operations

	2021 £m	2020 £m
Profit for the financial year	78.1	78.1
Adjustments for:		
- Income tax	17.1	16.9
- Depreciation, amortisation and impairment	44.6	48.5
- Finance income	(3.4)	(3.7)
- Finance costs	3.1	4.4
	<b>61.4</b>	<b>66.1</b>
Changes in working capital:		
- Decrease/(Increase) in Inventories	0.3	(0.4)
- Increase in trade and other receivables	(34.2)	(95.3)
- Increase in trade and other payables	34.5	148.1
- (Decrease)/Increase in provisions for other liabilities and charges	(2.8)	2.1
	<b>(2.2)</b>	<b>54.5</b>
<b>Cash generated from operations</b>	<b>137.3</b>	<b>198.7</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. Financial Commitments and Contingent Liabilities

At the year end, expenditure relating to the purchase of software development totalling £8.5m was contracted for in the year but not yet incurred (2020: £7.9m).

A contingent liability of £13.6m exists between the Company and Camelot Business Solutions Limited (CBSL) whereby, in the event that Camelot is awarded the Fourth National Lottery Licence, the Company will reimburse CBSL for all of CBSL's general business development activity undertaken prior to 1 April 2020 (2020: £nil).

In the course of doing business as a regulated entity, the risk can arise of potential legal or regulatory non-compliance action against Camelot. Where deemed necessary, the Company will obtain advice and make financial provisions as appropriate.

### 25. Pension Arrangements

In line with UK legislation, the Company auto-enrols employees into the Group Personal Pension Plan, which is accounted for as a defined contribution pension scheme. All amounts payable under these schemes are charged to the Statement of Comprehensive Income as they fall due, and totalled £3.0m in the current year (2020: £2.8m).

### 26. Contingency Financing

Camelot has a contingency financing arrangement with its ultimate controlling party, Ontario Teachers' Pension Plan Board ('Teachers'). Teachers' have made available to the Company, in aggregate with its parent company PLUK, further funding up to £30.0m in one amount or in a series of amounts which may, at Teachers' option be (in each case) either in the form of equity, loans or other instruments or securities.

An obligation to make such contribution only exists where:

- the continued operation of Camelot's business and/or the financial soundness of its parent is threatened;
- provided that the Company can demonstrate that the underperformance is not attributable to regulatory change;
- no default whatsoever is continuing, or forecast to continue or occur for the balance of the term, of any of the financing arrangements to which its parent and/or the Company is a party to, other than a default which would be remedied by the receipt and application of the contribution.

Once the aggregate of the commitment has been made available, there is no obligation or liability for Teachers' to provide any further contribution to either Company. Furthermore, obligations under this arrangement will terminate upon termination of the Third Licence.

### 27. Related Party Transactions

The Company is controlled by PLUK (incorporated in the UK), which owns 99.3% of the Company's shares. The Company's ultimate UK parent is PLUK. The Company's ultimate controlling party is the Ontario Teachers' Pension Plan Board.

During the course of the year, Camelot entered into the following transactions with 'Services aux Loteries en Europe SCRL' (SLE), a société coopérative à responsabilité limitée incorporated in Belgium. Camelot has an investment in SLE (see note 13). 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.

	2021 £m	2020 £m
Purchases	1.6	1.3
Amounts due to SLE	-	-
Sales	0.1	0.1
Amounts due from SLE	-	-

### 27. Related Party Transactions (continued)

Camelot transacted with fellow subsidiary related parties, Camelot Global Services Limited (CGSL), Camelot Global Lottery Solutions Limited (CGLSL), Camelot Business Solutions Limited (CBSL), Premier Lotteries Capital UK Limited (PLCUK) and Premier Lotteries UK Limited (PLUK) during the year. CGSL provides consultancy advice to international lottery operators, while CGLSL is principally focused on managing a programme of projects to generate revenue for the Group companies. CBSL performs business development activity and, from 1 April 2020, acts as agent for Camelot to prepare a bid for the Fourth National Lottery Licence, on behalf of Camelot.

Amounts due to and from related parties are unsecured in nature, and are due on demand. Amounts due from related parties below include the £26.0m (2020: £26.0m) loan to PLUK (note 13).

	2021 Sale of services £m	2021 Amounts due from related party £m	2020 Sale of services £m	2020 Amounts due from related party £m
Camelot Global Services Limited	-	-	-	-
Camelot Global Lottery Solutions Limited	0.6	-	0.3	-
Camelot Business Solutions Limited	-	2.5	-	1.9
Premier Lotteries UK Limited	-	27.0	-	27.5

	2021 Purchase of services £m	2021 Amounts due to related party £m	2020 Purchase of services £m	2020 Amounts due to related party £m
Camelot Business Solutions Limited	13.2	-	-	0.8
Premier Lotteries UK Limited	-	-	-	1.1
Premier Lotteries Capital UK Limited	-	0.7	-	2.1
Camelot Global Services Limited	-	-	-	-
Camelot Global Lottery Solutions Limited	12.4	1.5	9.0	1.2

The value of sales and purchases in the table above includes operating expenses allocated between Group companies, as well as intercompany recharges (mainly payroll-related transactions).

During the year, the Company also paid dividends totalling £47.4m (2020: £80.2m). In addition, the following cash payments were made in respect of group taxation relief during the year:

	2021 £m	2020 £m
Premier Lotteries UK Limited	1.4	-
Premier Lotteries Capital UK Limited	2.8	-
Camelot Business Solutions Limited	3.0	1.3
Camelot Global Lottery Solutions Limited	1.5	2.6
	8.7	3.9

Information regarding compensation paid to key management is disclosed in note 5.  
All related party transactions are based on normal financial terms.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 28. Subsidiary Undertakings

Camelot Lotteries Limited  
National Lottery Enterprises Limited  
CISL Limited

These subsidiaries have share capital, equal to the net assets, of £5 in total. This amount represents Camelot's cost of investment in these subsidiaries. They are not material for the purpose of giving a true and fair view for these financial statements, and therefore have not been consolidated in accordance with the Companies Act 2006 s.393. These companies are exempt from preparing individual financial statements under s394A and from individual filing with the registrar by virtue of s.448A of the Companies Act 2006. The registered office for these companies is Magdalen House, Tolpits Lane, Watford, United Kingdom, WD18 9RN.

### 29. Post-Balance Sheet Events

On 30 April 2021, Camelot paid a dividend of £62.0m to its parent undertaking, Premier Lotteries UK Limited.

**Camelot UK Lotteries Limited**  
**Registered and Head Office**  
Tolpits Lane,  
Watford WD18 9RN

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Northampton NN4 7EX

Brettenham House,  
Lancaster Place,  
London WC2E 7EN

**Registered in England and Wales**  
**Company Number: 02822203**  
Incorporated and domiciled in the UK

Limited assurance of the 'Doing Business Responsibly' section of the Annual Report (pages 114 to 141) was undertaken by Corporate Citizenship.  
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Newport Transporter Bridge, pictured at the time of its construction, will be repaired and preserved following National Lottery funding of £8.75 million. Once restoration work is complete, it is expected that 47,000 people will visit the unique attraction annually within the first three years.  
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