

Dividend Reinvestment Plan

Shareholder Information Booklet



What is the DRP?

The DRP enables you, as a shareholder in TLC, to reinvest all or part of any dividend paid on your shares in additional TLC shares instead of receiving that dividend in cash.

Who can participate?

All shareholders of fully paid ordinary shares in TLC who are resident in, and whose address on the register of shareholders at the relevant dividend record date is in, Australia or New Zealand may participate in the DRP, subject to certain limits set out in the DRP Rules. In all other cases, participation is subject to specific approval from TLC.

The opportunity to participate in the DRP is being extended to New Zealand shareholders pursuant to the *New Zealand Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

Is participation optional?

Yes. Participation in the DRP is voluntary. Participation is dependent on the submission of valid instructions to the share registry.

How do I participate in the DRP?

If you wish to participate in the DRP, we encourage you to make your election online at www.linkmarketservices.com.au

Alternatively, please complete and sign a DRP participation notice and return it to the Company's share registry at the address below. If a DRP participation notice does not accompany this booklet, please contact the Company's share registry:

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Telephone: 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia)

Facsimile: +61 2 9287 0303

Email: thelotterycorporation@linkmarketservices.com.au

DRP participation notices must be received, or online elections made, by 5:00pm (Sydney time) on the Last Election Date for a dividend if you wish to participate for that dividend.

Can I participate in the DRP for some of my shares?

Yes, you can nominate all of your shares or a specific number of your shares to participate in the DRP.

- **Full participation:** If you elect full participation, dividends on all of your shares will be reinvested in acquiring DRP shares. Dividends on any shares you may acquire in the future will also be reinvested in this way unless you notify us otherwise.
- **Partial participation:** If you elect partial participation, you nominate a number of your shares which will participate in the DRP. Only the dividends paid on those shares that you nominate will be reinvested. For shares not participating in the DRP, dividends will be paid in the usual way.

If your DRP participation notice or online election does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for full participation.

Is there a minimum or maximum participation level?

No. However, TLC has the discretion under the DRP Rules to introduce a minimum or maximum participation level for future dividends.

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When will my participation begin?

Your participation in the DRP will begin with the first dividend payment after receipt of your online election or participation notice. Your election must be received by 5.00pm (Sydney time) on the Last Election Date for a dividend to be effective for that dividend.

The Last Election Dates for forthcoming dividends will be notified to ASX and posted on TLC's website when the relevant dividend is announced.

For elections received after the Last Election Date for a particular dividend, you will not participate in the DRP for that dividend and your participation will begin from the next dividend.

What happens if I have more than one shareholding?

You must make a separate election for each shareholding registered under different names or holding numbers by either making an online election or submitting a separate participation notice for each shareholding.

Can I withdraw or change my participation at any time?

Yes. Simply notify the share registry online. Alternatively, forms to vary or terminate your participation can be obtained at www.linkmarketservices.com.au or by contacting TLC's share registry. The change will be effective from the next dividend payment, provided that the election is received by 5.00pm (Sydney time) on the Last Election Date for that dividend. If your change is received after that date, the change will not be effective until the next dividend.

TLC will announce the relevant Last Election Date for each dividend to the ASX and on the TLC website at the time it announces the dividend.

At what price will the shares be allocated?

Shares will be allocated at an average of the daily market price over a period of at least 5 trading days ('Allocation Price'), in accordance with the DRP Rules. The pricing period for the Allocation Price will be announced to ASX and posted on TLC's website at the time TLC announces a dividend.

The Allocation Price may be reduced by a discount, which the Board may determine from time to time and announce to the ASX. TLC does not currently intend to offer a discount to the Allocation Price. The final Allocation Price for a dividend will be notified in the same way after the Allocation Price is determined.

How many shares will I receive?

The number of shares you will receive is the number (rounded down to the nearest whole number) obtained by dividing the amount of cash dividend held on your behalf in your DRP account by the average of the daily market price over a period of at least 5 trading days – i.e. dividing the cash dividend amount by the Allocation Price.

How will my DRP shares be treated for subsequent dividend payments?

- **Full participation:** If you elect full participation, all shares held by you at each dividend record date will be treated as participating in the DRP, including any shares previously acquired under the DRP or other shares.
- **Partial participation:** If you elect partial participation, only the number of shares you have specified will be treated as participating in the DRP. If you hold fewer shares than the number of shares you have specified in the participation notice/election, then the dividends on the shares that you actually hold will be reinvested.

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The number of shares that will be treated as participating in the DRP may be limited if TLC elects to introduce a minimum or maximum participation limit.

What will it cost me to participate?

Nothing. No brokerage fees, commission or other transaction costs will be payable for any shares allocated under the DRP.

For avoidance of doubt, once you have obtained shares under the DRP, and you subsequently decide to deal with them, they will be subject to the same fees and transaction costs that you would ordinarily incur in dealing with any other shares that you may be holding.

Can I sell my shares when I choose?

Yes. You can sell any or all of your shares at any time. However, if you sell all of your shares, your participation in the DRP will cease with effect from the date TLC registers a transfer or instrument of disposal of your holding.

If you elect for full participation and then sell some of your shares, the dividends on your remaining shares will continue to be reinvested under the DRP. If you elect for partial participation and then sell some of your shares, the number of shares sold will be deemed to the full extent possible to be non-participating shares and the balance, if any, will be deemed to be participating shares under the DRP.

What are the tax implications of participating?

- **Australian shareholders:** The Australian Taxation Office currently treats dividends reinvested under the DRP as assessable income in the same way as cash dividends received on shares which are not participating in the DRP. This means that you will pay tax on the amount of the reinvested dividend in the income year in which the dividend is reinvested.

For Capital Gains Tax (CGT) purposes, shares acquired under the DRP will receive a cost base equal to the amount reinvested and be acquired on the date the shares are issued (or transferred).

On 14 September 2022, Treasury released Exposure Draft legislation with respect to announced changes to the *Income Tax Assessment Act 1997* (Cth) which would prevent the distribution of franking credits where a dividend to shareholders is funded by particular capital raising activities. Because a DRP necessarily involves the making of dividends which may be 'funded' by capital raising, these proposed changes are potentially relevant. As the proposed legislation is not intended to apply to dividends that are consistent with prior practice, it is not expected that the DRP would be caught by the draft legislation if enacted. However, the ultimate passage of these changes will need to be monitored on an on-going basis.

- **New Zealand shareholders:** Any dividends reinvested on your behalf under the DRP will be taxable to you at your marginal tax rate. You may need to include those dividends (plus any Australian withholding tax deducted, and converted to New Zealand dollars at the time of distribution) in your income tax return. If you are a natural person shareholder, you may instead need to include those dividends in your IRD "pre-populated account" following the end of the relevant income year (broadly speaking, this is required if you have more than NZ\$200 of income for the income year that has not been subject to withholding tax in New Zealand). Any Australian withholding tax deducted from the dividend can be credited against your income tax liability, although the tax credit cannot exceed your New Zealand tax liability on the dividend. You will not be able to apply any franking credits attached to the dividend against your New Zealand tax liability.

TLC takes no responsibility for the taxation consequences of shareholders participating in the DRP, and recommends you obtain professional taxation advice. These comments are current as at 23 February 2023, and only apply to shareholders who are Australian residents or New Zealand residents for tax purposes and who

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are not transitional residents. They are general in nature only. You should seek professional taxation advice in relation to your individual circumstances.

Will I receive a dividend statement?

After each allocation of shares under the DRP, a dividend statement showing full details of shares allocated to you under the DRP will be provided to you in the manner you ordinarily receive notices from TLC. You should keep this statement for your taxation records.

Can the DRP be modified, suspended or cancelled?

TLC may vary the terms and conditions, alter, suspend or terminate the DRP at any time by notification to the ASX and on the TLC website.

What happens to any residual value after each dividend?

The application of the dividend reinvestment formula normally results in a residual amount. This is because your dividend amount will be used to acquire a whole number of shares, usually leaving a residual amount which is less than the price of one TLC share.

For each dividend, if there is a residual amount, then the residual amount on each dividend will be carried forward, without interest, and added to your next dividend.

What happens if I leave the DRP?

If you cease to participate in the DRP for any reason, or the DRP is suspended or terminated by TLC, any positive residual balance in your DRP account will be paid to you.

How do I find out about TLC's historic dividend amounts?

The interim dividend for the half-year ended 31 December 2022 and the special dividend announced on 23 February 2023 will be TLC's first dividends since its demerger from Tabcorp Holdings Ltd. Details about these and future dividend amounts can be found at www.thelotterycorporation.com/investors/shareholder-services.

Will TLC issue new securities or will they be sourced through an on-market purchase?

TLC may, in its discretion, issue new shares, acquire existing shares to be transferred to participants, or undertake a combination of both.

Need more information?

If you have further questions (other than on taxation) about how the DRP operates and how you can participate, please contact Link Market Services on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia).