

**Premier Lotteries Ireland DAC**

**Reports and Financial Statements  
for the financial year ended  
31 December 2023**

Company Number: 527900

**PREMIER LOTTERIES IRELAND DAC**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**PREMIER LOTTERIES IRELAND DAC**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Andrew Algeo  
Vivienne Jupp [Chair]  
Cécile Lagé  
Pascal Chaffard

**SECRETARY**

Carol-Anne Bergin  
Premier Lotteries Ireland  
Dublin 1

**REGISTERED OFFICE**

Abbey Street Lower  
Dublin 1

**SOLICITORS**

Arthur Cox  
10 Earlsfort Terrace  
Dublin 2

McCann FitzGerald  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2

William Fry LLP  
2 Grand Canal Square  
Dublin 2

**BANKERS**

Bank of Ireland  
Lower O'Connell Street  
Dublin 1

**AUDITOR**

Deloitte Ireland LLP  
29 Earlsfort Terrace  
Dublin 2

**COMPANY REGISTRATION NUMBER**

527900

## **PREMIER LOTTERIES IRELAND DAC**

### **DIRECTORS' REPORT**

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The directors present their report together with the audited financial statements of Premier Lotteries Ireland DAC (the 'Company' or 'PLI') for the financial year ended 31 December 2023. The Company is a Designated Activity Company registered in the Republic of Ireland.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to operate Ireland's National Lottery under licence from the Department of Public Expenditure and Reform, in accordance with the provisions of the National Lottery Act, 2013. The Company has been awarded this licence for a period to November 2034.

#### **RESULTS AND DIVIDENDS**

Operating losses for the financial year ended 31 December 2023 were €7.7m compared to operating profits of €8.2m in 2022. The loss after taxation for the financial year ended 31 December 2023 amounted to €40.8m (2022: €22.0m). There were €100.0m dividends paid in the year ended 31 December 2023 (2022: €Nil).

Subsequent to year end, the directors recommend a final dividend of €20.0m to be paid to its parent Premier Lotteries Ireland Midco DAC.

#### **GOING CONCERN**

The Financial Statements which report net assets of €269.6m (2022: net liabilities of €91.5m) and net current assets of €8.9m (2022: €133.4m) have been prepared on the going concern basis. The Directors have reviewed the Company's projections, with particular reference to its operating cash flow, commitments and liquidity and are satisfied that it has sufficient resources to continue in business over the next twelve months from the date of signing of the accounts. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### **BUSINESS REVIEW**

Sales for the year ended 31 December 2023 were €829.4m (2022: €884.1m). Sales of draw based games were €531.5m (2022: €585.4m) and sales of scratch cards / interactive instant win games were €297.9m (2022: €298.7m). The PLI retail network stands at 5,195 active agents at the end of the current year (2022: 5,225). Sales through the digital online channel were €132.2m (2022: €141.4m), representing 15.9% (2022: 16%) of total sales. Prizes decreased to €478.8m in 2023 from €484.9m in 2022. Actual prizes won in any year are a function of many variables including sales levels, sales mix, prize structures and the roll sequence pattern of draws.

Under the terms of the licence to operate the National Lottery, 65% of Gross Gaming Revenue (sales less prizes) is paid to fund Good Causes. In the financial year ended 31 December 2023, PLI generated funds to Good Causes of €227.9m (2022: €259.5m).

Administration expenses decreased from €75m in 2022 to €73.9m in 2023. There were €3.9m (2022: €1.3m) of expenses classified as non-trading costs in the year. In both years, these costs related to restructuring costs and an impairment loss on intangible assets.

The statement of comprehensive income for the financial year ended 31 December 2023 and the statement of financial position are on pages 10 and 11 respectively.

During the year there was an Issue of 1 'A' Ordinary share for €0.01 and share premium for €261.3m to facilitate the full repayment of the shareholder loan. On 3 November 2023, La Française des Jeux (FDJ) acquired the entire share capital of Premier Lotteries Ireland Holding (PLIH). There was a further issuance of 1 Ordinary Share and related share premium of €240.1m followed by a share capital reduction of €501.4m to facilitate the repayment of PLI DAC €100m intercompany loan to PLI Midco. Authorised and issued 'A' & 'B' Ordinary shares were also converted to Ordinary shares.



## PREMIER LOTTERIES IRELAND DAC

### DIRECTORS' REPORT (CONTINUED)

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KEY PERFORMANCE INDICATORS (KPIs)	2023	2022
Ticket sales	€829.4m	€884.1m
Prizes	€478.8m	€484.9m
Prizes as a percentage of sales	57.73%	54.84%
Funds for Good Causes	€227.9m	€259.5m
Operating (loss)/ profit	(€7.7m)	€8.2m
Number of retail agents	5,195	5,225

### FUTURE DEVELOPMENTS AND THE YEAR AHEAD

PLI is focused on growing sales, offering players a wide choice of games and maximising the funds raised for Good Causes. This will be achieved through ongoing game development and a particular focus on growth via the digital channel.

### PRINCIPAL RISKS AND UNCERTAINTIES

The key risks facing the Company include the Company's significant reliance upon its technology infrastructure, the impact of increased indirect competition and the impact of general economic factors on the Company. The Directors have developed a range of strategies to address these and other risks faced by the Company.

### FINANCIAL INSTRUMENTS

The Company is exposed to certain levels of credit, interest rate and liquidity risks that arise in the normal course of business. Details of these risks are disclosed in Note 16.

### EMPLOYEES

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

The well-being of staff working in the Company is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act, 2005 imposes certain requirements in respect of staff and the Company has taken the necessary action to ensure compliance with the Act, including the adoption of a Safety Statement.

### EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Further details in relation to events subsequent to the financial year end are outlined in Note 28 on page 46.

### DIRECTORS AND SECRETARY

The names of the directors who served at any time during the year under review are:

Andrew Algeo  
Debbie Byrne (resigned 3 November 2023)  
Vivienne Jupp [Chair]  
David Kelly (resigned 3 November 2023)  
David McRedmond (resigned 3 November 2023)  
Peter Quinn (resigned 3 November 2023)  
Jonathan Mendonca (resigned 3 November 2023)  
Inaki Echave (resigned 3 November 2023)  
Cécile Lagé (appointed 3 November 2023)  
Pascal Chaffard (appointed 3 November 2023)

None of the directors hold a beneficial interest in, or options to acquire, shares in the Company or other group companies.

**Secretary** Carol-Anne Bergin

**PREMIER LOTTERIES IRELAND DAC**

**DIRECTORS' REPORT (CONTINUED)**

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**DIRECTORS' COMPLIANCE STATEMENT**

The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations under the Companies Act 2014.

The Directors confirm that these arrangements and structures were reviewed during the financial year. As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of persons retained by the Company under contract, who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

**DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:

- So far as the director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- Each director has taken all steps that ought to have been taken by the director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDIT, RISK AND SECURITY COMMITTEE**

The Board is ultimately responsible for risk management within the Company. The Board has established an Audit, Risk and Security Committee with responsibility for monitoring the effectiveness of the Company's risk management and internal control systems. The company is in the process of appointing an independent non-executive director to comply with Section 167, para. 4(b) of the Companies Act 2014. In the intervening period and in combination with the Audit & Risk Committee at La Française des Jeux (FDJ) the Board are of the opinion that the Audit & Risk Committee adequately performs the relevant functions for the FDJ group as a whole, including the Company, and that this adequately addresses the requirement of Section 167 para. 3(b) of the Companies Act 2014.

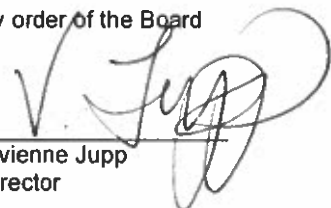
**ACCOUNTING RECORDS**

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered offices at Abbey Street Lower, Dublin 1.

**AUDITORS**

The auditors, Deloitte Ireland LLP will continue in office in accordance with Section 383(2) of the Companies Act 2014.

By order of the Board

  
\_\_\_\_\_  
Vivienne Jupp  
Director

  
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Pasca Chaffard  
Director

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Date: 14 March 2024

## PREMIER LOTTERIES IRELAND DAC

### DIRECTORS' RESPONSIBILITIES STATEMENT

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The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework* issued by the *Financial Reporting Council* ("relevant financial reporting framework"). 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 assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER LOTTERIES IRELAND DAC

### Report on the audit of the financial statements

#### Opinion on the financial statements of Premier Lotteries Ireland Dac ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 28, including a summary of material accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 101 'Reduced Disclosure Framework' issued by the Financial Reporting Council ("the relevant financial reporting framework").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER LOTTERIES IRELAND DAC

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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 (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements>. This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER LOTTERIES IRELAND DAC

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Kehoe  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

15 March 2024

PREMIER LOTTERIES IRELAND DAC

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Notes	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Ticket sales	3	829.4	884.1
Prizes		(478.8)	(484.9)
Good Causes		(227.9)	(259.5)
<b>NET INCOME</b>		<b>122.7</b>	<b>139.7</b>
Direct costs		(52.6)	(55.2)
<b>GROSS PROFIT</b>		<b>70.1</b>	<b>84.5</b>
Administrative expenses	4	(73.9)	(75.0)
Non-trading items	7	(3.9)	(1.3)
<b>OPERATING (LOSS)/PROFIT</b>	4	<b>(7.7)</b>	<b>8.2</b>
Finance costs	8	(34.7)	(29.2)
<b>LOSS BEFORE TAXATION</b>		<b>(42.4)</b>	<b>(21.0)</b>
Taxation credit/(charge)	9	1.6	(1.0)
<b>LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>(40.8)</b>	<b>(22.0)</b>
Other comprehensive gains:			
Actuarial gain on retirement benefit obligations	20	0.1	1.5
Cash flow hedging – fair value gains		0.4	0.5
Tax relating to retirement benefit obligations		-	(0.2)
<b>OTHER COMPREHENSIVE GAINS FOR THE FINANCIAL YEAR, NET OF TAX</b>		<b>0.5</b>	<b>1.8</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b>		<b>(40.3)</b>	<b>(20.2)</b>

The results detailed above are all derived from continuing operations.

The notes on pages 13 to 46 are an integral part of these financial statements.

PREMIER LOTTERIES IRELAND DAC

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023

ASSETS		31/12/2023	31/12/2022
NON-CURRENT ASSETS	Notes	€m	€m
Intangible assets	10	247.0	268.2
Tangible assets	11	7.2	9.2
Right-of-use assets	12	2.6	3.5
Deferred Tax Asset	22	1.4	-
Financial assets	14	3.3	2.7
Retirement benefit surplus	20	2.0	1.5
		<u>263.5</u>	<u>285.1</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	52.4	45.2
Amounts due from fellow group companies	19	-	100.0
Financial assets	14	7.2	11.8
Derivative financial asset	17	-	2.3
Cash and cash equivalents	15	71.1	102.8
		<u>130.7</u>	<u>262.1</u>
<b>TOTAL ASSETS</b>		<u>394.2</u>	<u>547.2</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	112.5	125.5
Lease liabilities	12	0.7	1.1
Amounts due to related parties	19	8.6	2.1
		<u>121.8</u>	<u>128.7</u>
<b>NON-CURRENT LIABILITIES</b>			
Amounts due to related parties	19	-	261.1
Lease liabilities	12	1.9	2.9
Financial liabilities – borrowings	18	-	245.2
Provisions for liabilities and charges	23	0.9	0.8
		<u>2.8</u>	<u>510.0</u>
<b>TOTAL LIABILITIES</b>		<u>124.6</u>	<u>638.7</u>
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital presented as equity	26	3.6	3.6
Other reserves		71.0	70.5
Share premium	26	-	-
Retained earnings/ (Deficit)		195.0	(165.6)
<b>TOTAL EQUITY/ (DEFICIT)</b>		<u>269.6</u>	<u>(91.5)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>394.2</u>	<u>547.2</u>

The notes on pages 13 to 46 are an integral part of these financial statements.  
The financial statements were approved by the Board of Directors on 14 March 2024 and signed on its behalf by:

Vivienne Jupp  
Director

Pascal Chaffard  
Director

**PREMIER LOTTERIES IRELAND DAC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Share Capital €m	Share Premium €m	Other Reserves €m	Retained earnings €m	Total equity €m
Balance as at 1 January 2023		3.6		70.5	(165.6)	(91.5)
<b>Comprehensive income/ (expense)</b>						
Loss for the financial year		-	-	-	(40.8)	(40.8)
Actuarial gain on retirement benefit obligations (net of tax)	20	-	-	0.1	-	0.1
Fair value gains on cash flow hedges, (net of tax)		-	-	0.4	-	0.4
Dividends paid	26	-	-	-	(100.0)	(100.0)
Issue of share capital	26	-	501.4	-	-	501.4
Capital conversion	26	-	(501.4)	-	501.4	-
<b>Balance as at 31 December 2023</b>		<u>3.6</u>	<u>-</u>	<u>71.0</u>	<u>195.0</u>	<u>269.6</u>

**In respect of the prior financial year:**

	Note	Share Capital €m	Share Premium €m	Other Reserves €m	Retained earnings €m	Total equity €m
Balance as at 1 January 2022		3.6		68.7	(143.6)	(71.3)
<b>Comprehensive income/ (expense)</b>						
Loss for the financial year		-	-	-	(22.0)	(22.0)
Actuarial gain on retirement benefit obligations (net of tax)	20	-	-	1.3	-	1.3
Fair value gains on cash flow hedges, (net of tax)		-	-	0.5	-	0.5
<b>Balance as at 31 December 2022</b>		<u>3.6</u>	<u>-</u>	<u>70.5</u>	<u>(165.6)</u>	<u>(91.5)</u>

The notes on pages 13 to 46 are an integral part of these financial statements.

## PREMIER LOTTERIES IRELAND DAC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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#### 1. GENERAL INFORMATION

The Company is a designated activity company (DAC) incorporated and domiciled in Ireland. The address of its registered office is Premier Lotteries Ireland DAC, Abbey Street Lower, Dublin 1.

#### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

##### a) Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2023 the Company has undergone transition from reporting under IFRS Standards adopted by the European Union to FRS 101 'Reduced Disclosure Framework'.

This transition is not considered to have had a material effect on the financial statements.

The disclosure exemptions adopted for the current reporting year end include the following: cash flow statement, standards in issue not yet effective, presentation of the cash flow statement, key management personnel information, transaction with certain wholly owed group companies and prior year comparatives for intangible assets, tangible assets, lease liability,

Where relevant, equivalent disclosures have been given in the group accounts of La Française des Jeux (FDJ), the ultimate parent company.

The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The Company's accounting policies were selected by management considering all applicable IFRSs issued by the International Accounting Standards Board (IASB), as adopted by the European Union by 31 December 2023. In the preparation of these financial statements, the accounting policies set out below have been applied consistently for all years presented.

In the current year, the Company has applied the below amendments to IFRSs issued by the International Accounting Standards Board (IASB) as adopted by the European Union that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of accounting (continued)

<p>Definition of a business (Amendments to IFRS 3)</p>	<p>These amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.</p> <p>The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.</p> <p>The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.</p> <p>The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.</p>
<p>Definition of material (Amendments to IAS 1 and IAS 8)</p>	<p>IAS 1</p> <p>The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.</p> <p>IAS 8</p> <p>The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.</p> <p>In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.</p>
<p>Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards</p>	<p>The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year.</p> <p>These amendments include consequential amendments to affected Standards so that they refer to the new Framework.</p> <p>The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of accounting (continued)**

**Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

***Useful economic lives of tangible and intangible assets***

The annual depreciation and amortisation charges for tangible and intangible assets respectively are sensitive to changes in the useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation of assets.

***Impairment***

The Company uses forecast cash flow information and estimates of future earnings to assess whether its intangible assets are impaired with reference to their useful economic lives. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The determination of both requires the exercise of judgement. The estimation of pre-tax free cash flows is sensitive to the periods for which forecasted cash flows are available and to assumptions underpinning the sustainability of those cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows reflect management's view of future performance.

**b) Prizes**

The prize structure complies with the requirements of Section 40 of the National Lottery Act, 2013 whereby, the total value of the prizes distributed by the National Lottery in any financial year of the operator shall be equal to or not less than 50 per cent of the total monies received by the operator in that year in respect of the sale of National Lottery tickets or such other greater percentage as may be specified in the licence.

The company provides for prize liabilities based on its determination of prizes actually won under a particular game.

Under the terms of the licence to operate the National Lottery, if prizes remain unclaimed for 90 days from either the draw date for draw based games or the close of a scratch card game, they become expired and can be utilised for the promotion of the National Lottery

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in line with IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue when it transfers control over tickets to customers. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including related revenue recognition policies:

Type of product	Nature and timing of satisfaction of performance obligations and payment terms	Revenue recognition
Draw based games and scratch cards	<p>The Company engages retailers to act as its agents in the sale of tickets for draw based games and scratch cards. Customers obtain control of draw based tickets and scratch cards once consideration has been provided to these retail agents who collect consideration on behalf of the Company.</p> <p>The consideration is not collectible by the Company from retail agents until the end of each week.</p> <p>The Company satisfies its performance obligations:</p> <ul style="list-style-type: none"> <li>a) Immediately for scratch cards</li> <li>b) For draw based games once the related draw has taken place (whose frequency depends upon the associated game rules)</li> </ul> <p>A certain percentage of game prizes result in the issuance of further tickets for draw entries or scratch cards to customers at Nil consideration.</p> <p>There are no provisions for customers to return tickets or scratch cards once consideration has been received.</p>	<p>Revenue is recognised upon the execution of the draw to which the sales of tickets relate.</p> <p>The Company allocates a percentage of consideration received to the further issuance of tickets won as prizes under the game rules. This allocation is based on the expected value of the free tickets, the expected frequency of occurrence, and the expected redemption rate of tickets won as prizes. Revenue is recognised on tickets won as prizes are redeemed.</p> <p>The Company will recognise sales of all scratch cards in a book upon the activation of the first scratch card in that book and make a reversing adjustment at each reporting date for its estimation of unsold scratch cards in each book.</p>
Instant win games	<p>Income from interactive instant win games results from wagers placed on The National Lottery website.</p> <p>The Company satisfies its performance obligations under such arrangements instantly.</p> <p>The Company has no associated obligations for returns, refunds or warranties.</p>	<p>Revenue is recognised as soon as the customer places the wager online.</p>

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**d) Good Causes**

Amounts charged to the statement of comprehensive income represent the amounts arising due to Good Causes based on cumulative accounting sales less prizes as recognised in accordance with the accounting policy set out in out in (b) and (c) above. The amounts recognised are calculated in line with the framework provided for in the Operating Licence and the National Lottery Act 2013.

**e) Net income**

Income arises across a portfolio of games that includes draw based games and scratch card / interactive instant win games. All income is derived from and originates in Ireland. The presentation of net income is consistent with common practice within the gaming industry; ticket sales are accounted for under IFRS 15 'Revenue from Contracts with Customers'. Net income is recorded and disclosed net of prize costs and amounts due to Good Causes.

**f) Intangible assets**

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

*Internally generated intangible assets*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure in relation to internally generated intangible assets, such as the development of software and the National Lottery website and its mobile technology (including design and content development) is capitalised when all of the following have been demonstrated; the technical feasibility of completing the intangible asset so that it will be available for use; the intention to complete the project to which the intangible asset relates and use it; how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially capitalised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Development expenditure not meeting these criteria is charged through the statement of comprehensive income in the period in which it is incurred.

*Separately acquired intangible assets*

Intangible assets include the cost of purchasing the licence to operate the National Lottery, and its directly attributable costs. The cost of the licence is being amortised on a straight line basis over the term of the operating licence, which runs to November 2034.

Intangible software 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.



**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**g) Tangible assets (continued)**

The residual values and useful economic lives of property, plant and equipment are reviewed annually. If an asset's carrying amount is greater than its estimated recoverable amount, the excess carrying amount is immediately written down and recognised in the statement of comprehensive income.

**h) Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. For contracts where the Company is a lessee, a right-of-use asset is recognised, representing the Company's right to use the underlying asset and a corresponding lease liability is also recognised for the Company's obligation to make lease payments during the lease term. The lease term of each contract is determined as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to exercise that option.

For short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and depreciation starts at the commencement date of the lease. If a lessee transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Intangible assets' policy.

The right-of-use assets are presented as a separate line in the Company's statement of financial position.

Lease liabilities are measured at the present value of the future lease payments. The lease payments are discounted using the Company's incremental borrowing rate. Subsequently, the lease liability is increased to reflect interest on the lease liability and by reduced for payments made. The lease liability is remeasured for lease modifications or reassessments.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**h) Leases (continued)**

Lease payments included in the measurement of the lease liability comprise: (i) Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; (ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; (iii) The amount expected to be payable by the lessee under residual value guarantees; (iv) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and (v) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Company's statement of financial position. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount of to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: (i) The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate, (ii) The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). (iii) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments

*Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*Classification and subsequent measurement – financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability." The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

*Classification and subsequent measurement – financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

*Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Impairment*

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. The Company measures loss allowances at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Derivative financial instruments and hedge accounting**

The Company may hold derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of comprehensive income.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of comprehensive income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of comprehensive income in the same period or periods as the hedged expected future cash flows affect the statement of comprehensive income.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of comprehensive income.

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Pensions**

The Company provides pensions to its employees under defined benefit superannuation schemes and a defined contribution scheme.

In relation to the defined contribution scheme, contributions are accrued and recognised in operating profit or loss in the period in which they are earned by the relevant employees.

For the defined benefit schemes, the difference between the market value of the schemes' assets and the actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the statement of financial position.

The amount charged to operating profit or loss is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the pension schemes' assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount rate during the year are shown as financing costs in the statement of comprehensive income.

Any difference between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in other comprehensive income.

**l) Taxation**

Current 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 by 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 substantially 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 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 tax assets and liabilities recognised are not discounted. Deferred tax liabilities and assets are classified as non-current irrespective of the expected timing of the reversal of the underlying taxable temporary difference. Current tax assets and liabilities are shown separately in the statement of financial position.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) 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 Euro (€m), which is the Company's functional and 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 resulting from trading are recognised in the statement of comprehensive income within 'finance income or expense'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within administrative expenses.

n) Going concern

The Financial Statements which report net assets of €269.6m (2022: net liabilities of €91.5m) and net current assets of €8.9m (2022: €133.4m) have been prepared on the going concern basis. The Directors have reviewed the Company's projections, with particular reference to its operating cash flow, commitments and liquidity and are satisfied that it has sufficient resources to continue in business over the next twelve months from the date of signing of the accounts. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

o) Non-trading items

Certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'. Non-trading items include restructuring costs, gains and losses on disposals of tangible assets and internal strategic business reviews. Non-trading items are disclosed in Note 7 to the financial statements.

p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Dividends

Dividends payable are recognised once appropriate approvals or payments have been made.

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. TICKET SALES**

The Company generates revenue primarily from the sale of tickets comprising wagers placed across a portfolio of games that include draw based games and scratch cards and interactive instant win games. In the following table, revenue from contracts with customers is disaggregated by type of game.

	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Draw based games	531.5	585.4
Scratch cards and instant win games	297.9	298.7
	<u>829.4</u>	<u>884.1</u>

Included in other payables are the following contract liabilities:

- (i) €2.2m (2022: €1.4m) advance consideration received from customers for wagers on draws which have not yet taken place; and
- (ii) €0.8m (2022: €0.9m) advance consideration received from customers for additional tickets (both draw entries and scratch cards) to be issued as prizes under the respective games' rules.

**4. OPERATING PROFIT**

	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Operating profit is stated after charging:		
Gaming systems and data communication costs	9.0	9.5
Staff costs (Note 5)	18.7	19.1
Other administrative costs	12.9	15.1
Amortisation of intangible assets (Note 10)	29.3	27.4
Depreciation of property, plant and equipment (Note 11)	3.1	3.0
Amortisation of right of use assets (Note 12)	0.9	0.9
<b>Administrative expenses</b>	<u>73.9</u>	<u>75.0</u>

	€'000	€'000
<b>Auditors' Remuneration</b>		
Audit of the group financial statements	133	120
Other assurance	108	84
	<u>241</u>	<u>204</u>

There was no remuneration in relation to non-audit services and taxation services in the year (2022: €nil).

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. STAFF COSTS

The average number of people employed by the Company was as follows:

	2023 Number	2022 Number
<b>Average number of employees</b>		
Marketing and distribution	58	56
Administration	148	158
	<u>206</u>	<u>214</u>

The aggregate payroll costs of employees (including executive directors) was:

	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
<b>Staff costs:</b>		
Wages and salaries	15.9	16.1
Social security costs	1.7	1.7
Other retirement benefits (Note 20)	1.1	1.3
	<u>18.7</u>	<u>19.1</u>

Payroll costs comprise costs of €18.7m (2022: €19.1m) expensed to the income statement and €1.5m (2022: €1m) capitalised as part of intangible assets relating to internally generated software.

6. DIRECTORS' REMUNERATION

	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Emoluments paid in respect of qualifying services	1.0	0.5
Pension contributions paid in respect of qualifying services	0.1	0.1
	<u>1.1</u>	<u>0.6</u>

Retirement benefit charges of €0.1m (2022: €0.1m) arise from pension payments relating to one director (2022: one director). Any further disclosures required by Section 305/6 of the Companies Act 2014 are €nil for both years.

7. NON-TRADING COSTS

	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Restructuring costs	3.2	0.5
Loss on impairment of intangible assets	0.7	0.8
<b>Non-trading costs</b>	<u>3.9</u>	<u>1.3</u>

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. FINANCE COSTS	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
Interest payable on term loans	13.2	8.3
Amortisation of loan fees	0.9	0.6
Finance cost of leases	0.1	0.2
Unrealised loss/(gain) on interest rate swap	0.4	(2.9)
Interest expense on loans due to related parties	20.4	22.5
Other finance (income)/costs	(0.3)	0.5
<b>Finance expense</b>	<b>34.7</b>	<b>29.2</b>

9. TAXATION	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
<b>a) Corporation tax</b>		
Current taxation (credit)/charge for the year	(0.1)	0.8
Deferred tax credit (Note 22)	(1.5)	0.2
	<b>(1.6)</b>	<b>1.0</b>

The taxation charge is based on a corporation tax rate of 12.5% for the financial year ended 31 December 2023 (2022: 12.5%). All taxable temporary differences have been recognised and are reflected in the deferred taxation balance.

b) Reconciliation of tax charge	Year Ended 31/12/2023 €m	Year Ended 31/12/2022 €m
<b>Loss before taxation</b>	<b>(42.4)</b>	<b>(21.0)</b>
Taxation on loss at the standard rate of 12.5% (2022: 12.5%)	(5.3)	(2.6)
<b>Factors affecting charge:</b>		
Expenses not deductible for tax purposes	3.7	3.4
Effect of timing differences	-	0.2
Prior year adjustment	-	-
<b>Total taxation (credit)/charge</b>	<b>(1.6)</b>	<b>1.0</b>

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. INTANGIBLE ASSETS	Operating licence €m	Computer software €m	Total €m
<b>Cost</b>			
At 31 December 2022	408.6	57.7	466.3
Additions	-	8.8	8.8
Impairment	-	(0.7)	(0.7)
<b>At 31 December 2023</b>	<b>408.6</b>	<b>65.8</b>	<b>474.4</b>
<b>Accumulated amortisation</b>			
At 31 December 2022	165.2	32.9	198.1
Charge for the financial year	20.4	8.9	29.3
<b>At 31 December 2023</b>	<b>185.6</b>	<b>41.8</b>	<b>227.4</b>
<b>Net book value</b>			
<b>At 31 December 2023</b>	<b>223.0</b>	<b>24.0</b>	<b>247.0</b>
At 31 December 2022	243.4	24.8	268.2

In the current year, an internal impairment indicator existed which prompted an impairment test of intangibles. Based on this assessment, an internally generated intangible asset capitalised in the year was considered to be fully impaired and all costs previously capitalised are recognised as an impairment charge in the Income Statement (Note 7).

11. TANGIBLE ASSETS	Terminal related assets €m	Computer equipment and other plant and equipment €m	Total €m
<b>Cost</b>			
At 31 December 2022	13.8	13.0	26.8
Additions	-	1.2	1.2
Disposals	-	(0.1)	(0.1)
<b>At 31 December 2023</b>	<b>13.8</b>	<b>14.1</b>	<b>27.9</b>
<b>Accumulated depreciation</b>			
At 31 December 2022	10.6	7.0	17.6
Charge for the financial year	1.4	1.8	3.2
Disposals	-	(0.1)	(0.1)
<b>At 31 December 2023</b>	<b>12.0</b>	<b>8.7</b>	<b>20.7</b>
<b>Net book value</b>			
<b>At 31 December 2023</b>	<b>1.8</b>	<b>5.4</b>	<b>7.2</b>
At 31 December 2022	3.2	6.0	9.2

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

<u>Right-of-use assets</u>	<u>Buildings</u> €m	<u>IT Equipment</u> €m	<u>Total</u> €m
<b>Cost</b>			
At 1 January 2023	9.2	0.1	9.3
<b>At 31 December 2023</b>	<u>9.2</u>	<u>0.1</u>	<u>9.3</u>
<b>Accumulated amortisation</b>			
At 1 January 2023	5.8	-	5.8
Charge for the financial year	0.9	-	0.9
<b>At 31 December 2023</b>	<u>6.7</u>	<u>-</u>	<u>6.7</u>
<b>Net book value</b>			
<b>At 31 December 2023</b>	<u>2.5</u>	<u>0.1</u>	<u>2.6</u>

The Company leases several assets including buildings and IT equipment. The average lease term is 6.2 years (2022: 7 years).

<b>Amounts recognised in the statement of comprehensive income</b>	<b>2023</b> €m	<b>2022</b> €m
Amortisation expense on right-of-use assets	0.9	0.9
Interest expense on lease liabilities	0.1	0.2

The total cash outflow for leases amount to €1m (2022: €1.1m)

<b>Lease Liabilities</b>	<b>2023</b> €m	<b>2022</b> €m
Analysed as:		
Non-current	1.9	2.9
Current	0.7	1.1
	<u>2.6</u>	<u>4.0</u>
<b>Maturity Analysis:</b>		
Year 1	0.7	1.1
Year 2	0.2	1.0
Year 3	0.2	0.2
Year 4	0.3	0.2
Year 5	0.3	0.3
Onward	0.9	1.2
	<u>2.6</u>	<u>4.0</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored in line with the Company's risk management framework.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. TRADE AND OTHER RECEIVABLES:

*Amounts falling due within one year*

	31/12/2023	31/12/2022
	€m	€m
Trade receivables	28.2	25.2
Amounts owed by the National Lottery Fund	19.1	16.7
Prepayments and other receivables	3.7	2.4
Corporation tax receivable	1.4	0.9
	<u>52.4</u>	<u>45.2</u>

Trade receivables represent amounts due from agents.

All trade receivables balances that are past due but not impaired or provided for are between 1 and 3 months old. The recoverability of trade receivables held with agents is assessed on bank guarantees, and deposits held, the retailers' level of credit risk and impaired accordingly. Receivable balances that are past due are considered impaired when it is deemed uneconomical to pursue recoverability of the debt. At 31 December 2023, €0.4m of trade receivables were considered impaired or provided for (2022: €0.5m).

14. FINANCIAL ASSETS

As required under the Euromillions and EuroDreams Agreement, Premier Lotteries Ireland DAC ('PLI') and the other participating lotteries in the EuroMillions and EuroDreams games have each established Trust accounts. These are used for the settlement of all amounts due and for holding amounts in respect of future prizes as well as for holding deposits made by each lottery to safeguard against non-performance of its payment and other obligations. The Law Debenture Trust Corporation plc is the independent trustee which operates the trust accounts established by PLI and the other participating lotteries to protect the interests of prize winners and players.

The trust account and interest received thereon is subject to first fixed and floating charges in favour of the Trustee. The monies held in the trust accounts, which are not available to the Company in the ordinary course of its business, are managed by the Trustee in line with the investment guidelines issued by Services aux Lotteries en Europe (S.L.E) who manage the operation of the EuroMillions and EuroDreams games.

The carrying amounts represent the actual cash amounts held in the accounts at the end of the financial period.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. FINANCIAL ASSETS (CONTINUED)

a) Non-current assets: amounts falling due after more than one year:

	31/12/2023 €m	31/12/2022 €m
EuroMillions Deposit	2.7	2.7
EuroDreams Deposit	0.6	-
	<u>3.3</u>	<u>2.7</u>

The purpose of the EuroMillions and EuroDreams deposits are to provide assurance to other EuroMillions and EuroDreams participants for PLI's EuroMillions and EuroDreams payment and other obligations. This amount (which may vary over time) will be repayable to PLI in accordance with the Trust Deed and will remain on deposit until the end of the operating licence. The EuroMillions deposit will be payable to the Irish Government at the end of the operating licence.

b) Current assets: amounts falling due within one year:

	31/12/2023 €m	31/12/2022 €m
EuroMillions Trust Funds held for prizes	6.2	11.8
EuroDreams Trust Funds held for prizes	1.0	-
	<u>7.2</u>	<u>11.8</u>

This represents the funds held for the payment of prizes.

15. CASH AND CASH EQUIVALENTS

	31/12/2023 €m	31/12/2022 €m
Cash at bank and in hand	71.1	102.8

The Cash at bank and in hand balance at the end of the financial year includes:

- an amount of €28.5m (2022: €54.4m) relating to cash held for prizes.
- an amount of €8.7m (2022: €8.2m) relating to online customer account balances and retailer deposits.
- an amount of €8.6m (2022: Nil) relating to PLIH cash held in trust

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2023 €'M	<i>Carrying amount</i>			Total
	Fair value - interest rate swaps	Financial assets at amortised cost	Other financial liabilities	
<b>Financial assets not measured at fair value</b>				
EuroMillions Deposit and Funds held for prizes	-	8.9	-	8.9
EuroDreams Deposit and Funds held for prizes	-	1.6	-	1.6
Trade Receivables	-	28.1	-	28.1
Amounts owed by the National Lottery Fund	-	19.1	-	19.1
Prepayments and other receivables	-	3.8	-	3.8
Cash at Bank and in hand	-	71.1	-	71.1
	-	132.6	-	132.6
<b>Financial liabilities not measured at fair value</b>				
Trade payables	-	-	(9.8)	(9.8)
Amounts payable to the National Lottery Fund	-	-	(37.1)	(37.1)
Prize liability	-	-	(43.4)	(43.4)
	-	-	(90.3)	(90.3)

31 December 2022 €'M	<i>Carrying amount</i>			Total
	Fair value - interest rate swaps	Financial assets at amortised cost	Other financial liabilities	
<b>Financial assets not measured at fair value</b>				
EuroMillions Deposit and Funds held for prizes	-	14.5	-	14.5
Trade Receivables	-	25.1	-	25.1
Amounts owed by the National Lottery Fund	-	16.7	-	16.7
Prepayments and other receivables	-	2.4	-	2.4
Cash at Bank and in hand	-	102.8	-	102.8
Amounts due from parent company	-	100.0	-	100.0
	-	261.5	-	261.5
<b>Financial assets measured at fair value</b>				
Interest rate swaps	2.3	-	-	2.3
<b>Financial liabilities not measured at fair value</b>				
Bank borrowings	-	-	(245.2)	(245.2)
Shareholder loans	-	-	(261.1)	(261.1)
Amounts due to related parties	-	-	(2.1)	(2.1)
Trade payables	-	-	(6.5)	(6.5)
Amounts payable to the National Lottery Fund	-	-	(42.4)	(42.4)
Prize liability	-	-	(47.5)	(47.5)
	-	-	(604.8)	(604.8)

**16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs in relation to fair values (where applicable) are provided as follows:

a) Interest rate swaps

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates.

Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Company and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk; and
- c) Market risk

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment of and oversight of the Company's risk management framework, including the development and monitoring the Company's risk management policies.

The Board has established an Audit, Risk and Security Committee under Section 167 of the Companies Act 2014 with responsibility for monitoring the effectiveness of the Company's risk management and internal control systems.

The Company's risk management policies are established to identify and analyse the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

## PREMIER LOTTERIES IRELAND DAC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

##### a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from retail agents and amounts due from Group companies.

The maximum credit exposure in respect of the Company's receivables is reduced by deposits and bank guarantees held as collateral.

##### *Trade receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including whether a retail agent has a deposit or bank guarantee in place or not.

Under the Company's established credit policy, each new retail agent is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes as appropriate external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company has a policy in place which sets out the Company's credit policy for late payments. Amounts invoiced to retail agents are typically collected within four bank working days.

##### *Expected credit loss assessment*

The Company uses an allowance matrix to measure the expected credit losses of trade receivables from retail agents, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 5 financial years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from retail agents as at 31 December 2023.

	Weighted- average loss rate	Gross carrying amount €m	Loss allowance €m
31 December 2023			
Current net of deposits held (not past due)	1.0%	28.4	(0.4)
Past due (uncollected direct debit)	0.0%	-	-
		<b>28.4</b>	<b>(0.4)</b>

##### *Cash, cash equivalents and cash in trust*

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated BBB to A3 based on Agency ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group has not recognised an impairment allowance in 2023 (2022: €nil).

## PREMIER LOTTERIES IRELAND DAC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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#### 16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

##### *Amounts due from Related Parties*

The Company had amounts due from its parent company Premier Lotteries Ireland Midco DAC in 2022, which do not attract interest and are repayable on demand. They were repaid in full in during the year.

The principal activity of Premier Lotteries Ireland Midco DAC ('PLI Midco') is to carry on the business of an investment and holding company. PLI Midco's immediate parent undertaking is Premier Lotteries Ireland Holdings DAC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The Directors have reviewed the future cash requirements of the Group and are satisfied that the credit risk associated with the inter-group loan is low.

Amounts due to related parties are disclosed in Note 25.

##### **b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Company maintains the following lines of credit:

- Related party loans of Nil (2022: €261.1m); and
- Bank loan facilities of Nil (2022: €246.2m including an undrawn revolving credit facility of €10m).

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

*Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

31 December 2023 €'M	Carrying amount	Contractual cash flows				
		Total	1 year	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Amounts due to related parties	-	-	-	-	-	-
Trade payables	(15.1)	(15.1)	(15.1)	-	-	-
Amounts payable to the National Lottery Fund	(31.8)	(31.8)	(31.8)	-	-	-
Prize liability	(43.4)	(43.4)	(43.4)	-	-	-
	<b>(90.3)</b>	<b>(90.3)</b>	<b>(90.3)</b>	-	-	-

31 December 2022 €'M	Carrying amount	Contractual cash flows				
		Total	1 year	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Bank borrowings	(245.2)	(245.2)	-	(245.2)	-	-
Shareholder loans	(261.1)	(261.1)	-	-	-	(261.1)
Amounts due to related parties	(2.1)	(2.1)	(2.1)	-	-	-
Trade payables	(6.5)	(6.5)	(6.5)	-	-	-
Amounts payable to the National Lottery Fund	(42.4)	(42.4)	(42.4)	-	-	-
Prize liability	(47.5)	(47.5)	(47.5)	-	-	-
	<b>(604.8)</b>	<b>(604.8)</b>	<b>(98.5)</b>	<b>(245.2)</b>	-	<b>(261.1)</b>

The inflows/(outflows) disclosed in the above tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Except for the following, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts:

- The Company has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.
- The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.
- The future cash flows on derivative instruments may be different from the amount in the above table as interest rates change.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

c. Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The principal market risk to which the Company is exposed is interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage interest rate risks. All such transactions are carried out within the guidelines set by the board of directors. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

€'M	2023	2022
<b>Fixed-rate instruments</b>		
Financial liabilities	-	261.1
Effect of interest rate swaps	-	120.0
	-	381.1
<b>Variable-rate instruments</b>		
Financial liabilities	-	246.2
Effect of interest rate swaps	-	(120.0)
	-	126.2

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. DERIVATIVE FINANCIAL INSTRUMENTS

	31/12/2023 €m	31/12/2022 €m
Interest rate swaps: cash flow hedge	-	2.3
	<u>-</u>	<u>2.3</u>

During the year interest rate swaps expired, 2023 (Nil), (2022: €2.3m).

In 2019, the Company entered into cash flow hedging contracts to hedge exposure to interest rate fluctuations. The hedging contracts are valued independently based on interest rate yield curves. In 2022 the Company had interest rate swaps executed with a notional principal of €120.0m fixing EURIBOR at 0.4%.

Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Company uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness may occur due to the credit/debit value adjustment on the interest rate swaps which is not matched by the loan.

In 2020, the hedging contract was deemed ineffective based on analysis performed by a professional adviser and hedge accounting has been discontinued. In the current year, €0.4m of the fair value loss was deemed ineffective arising from the floor of 0% and has been recognised in finance costs (2022: €2.9m gain), see Note 8.

18. FINANCIAL LIABILITIES – BORROWINGS

The financial liabilities of the Company consist of bank facilities provided by a syndicate of banks.

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

	31/12/2023 €m	31/12/2022 €m
Term loans	245.2	246.2
Repayments of term loans	(245.2)	-
Fees incurred on arranging term loans	-	(1.0)
	<u>-</u>	<u>245.2</u>

Non-current liabilities represent the balances repayable on the term loans falling due after one year less the unamortised fees incurred on arranging the facilities. The loan balances were repaid in full during the year. Prior to this the fees incurred on arranging the borrowing facilities are amortised over the terms of the loans using the straight-line method. The lenders had fixed and floating charges over all of the Company's assets with the exception of the licence itself, cash held for prizes and digital customer account balances (being amounts held by the Company in respect of liabilities to players), amounts held in Trust in respect of the EuroMillions game and certain other items as set out in the licence.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. AMOUNTS DUE TO / FROM RELATED PARTIES

a) Current assets:

	31/12/2023 €m	31/12/2022 €m
Amounts due from parent company	-	100.0
	<u>-</u>	<u>100.0</u>

b) Current liabilities: amounts falling due within one year

	31/12/2023 €m	31/12/2022 €m
Amounts due to related parties	-	2.1
Amounts due to fellow group companies	8.6	-
	<u>8.6</u>	<u>2.1</u>

Amounts due to fellow group companies are unsecured, interest free and repayable on demand.

For 2022, the carrying value of current financial liabilities approximate to fair value. Amounts above do not incur interest and are repayable on demand. See Note 25.

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

	31/12/2023 €m	31/12/2022 €m
Shareholder loans	-	261.1
	<u>-</u>	<u>261.1</u>

In 2022, Non-current liabilities represent the balances repayable to the Company's shareholders (OTPP, An Post and An Post Pension Plan), which are repaid during the year. They had an interest at a rate of 9%. See Note 25.

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**20. RETIREMENT BENEFIT OBLIGATIONS**

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary.

The amounts charged in the statement of comprehensive income during the year was as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>€m</b>	<b>€m</b>
Defined benefit schemes	<b>0.8</b>	0.6
Defined contribution schemes	<b>0.3</b>	0.7
	<u><b>1.1</b></u>	<u>1.3</u>

The pension costs of the defined benefit scheme are assessed in accordance with the advice of an independent professionally qualified actuary.

The financial assumptions used to calculate the retirement benefit liabilities under IAS 19 were as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>Projected Unit</b>	<b>Projected Unit</b>
Valuation method		
Discount rate	<b>3.60%</b>	4.25%
Inflation	<b>2.35%</b>	2.50%
Rate of salary increases	<b>1.65%</b>	1.65%
Increase to pensions in payment	<b>1.65%</b>	1.65%

The expected lifetime of a participant who is age 65 and a participant who will be aged 65 in 25 years time are shown in years below based on the mortality tables used in the calculation of the defined benefit obligation:

<b>Age</b>	<b>Male</b>	<b>Female</b>
65	<b>22.4</b>	24.2
65 in 25 years	<b>24.2</b>	26.0

The market value of the assets of the scheme were as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>€m</b>	<b>€m</b>
Equities	<b>4.9</b>	4.4
Bonds	<b>1.6</b>	0.8
Other	<b>1.5</b>	1.2
	<u><b>8.0</b></u>	<u>6.4</u>
Fair value of pension scheme assets	<b>8.0</b>	6.4
Present value of defined benefit obligations	<u><b>(6.0)</b></u>	<u>(4.9)</u>
	<u><b>2.0</b></u>	<u>1.5</u>
Pension asset	<b>2.0</b>	1.5

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Movement in fair value of pension scheme assets:	31/12/2023	31/12/2022
	€m	€m
Fair value of pension scheme assets at start of financial year	6.4	7.0
Interest Income	0.3	0.1
Employer contributions	0.6	0.6
Members contributions	-	0.1
Interest gain on plan assets	(0.1)	(0.1)
Actuarial gain/(loss)	0.8	(1.3)
	<u>8.0</u>	<u>6.4</u>

Movement in present value of defined benefit obligations:	31/12/2023	31/12/2022
	€m	€m
Defined benefit obligations at start of financial year	(4.9)	(7.0)
Current service costs	(0.3)	(0.6)
Members contributions	(0.2)	(0.1)
Plan introductions, changes, curtailments and settlements	0.1	0.1
Interest cost on defined benefit obligations	(0.1)	(0.1)
Actuarial gain/(loss)	(0.6)	2.8
	<u>(6.0)</u>	<u>(4.9)</u>

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflationary growth and mortality:

- If the discount rate was 100 basis points higher, the defined benefit obligation would decrease by €5.1m.
- If inflation growth increased by 100 basis points, the defined benefit obligation would increase by €6.3m.
- If life expectancy increased by 1 year for both men and women, the defined benefit obligation would increase by €6.1m.

21. TRADE AND OTHER PAYABLES

Current liabilities	31/12/2023	31/12/2022
	€m	€m
Prize liability	43.4	47.5
Amounts payable to National Lottery Fund	31.7	42.4
Trade payables	6.7	6.5
Deferred tax liability	-	0.1
VAT payable	0.3	0.2
PRSI payable	0.6	0.6
Accruals	22.8	23.1
Deferred income	7.0	5.1
	<u>112.5</u>	<u>125.5</u>

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**22. DEFERRED TAXATION**

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

Outstanding offset amounts are as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>Deferred tax asset/(liability)</b>	<b>€m</b>	<b>€m</b>
As at 1 January	(0.1)	0.3
Effect of unutilised tax losses	1.5	-
Other timing differences	-	(0.4)
<b>At 31 December</b>	<b>1.4</b>	<b>(0.1)</b>

**23. PROVISIONS FOR LIABILITIES AND CHARGES**

**Non-Current**

	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>€m</b>	<b>€m</b>
As at 1 January	0.8	0.7
Charged to the statement of comprehensive income	0.1	0.1
<b>At 31 December</b>	<b>0.9</b>	<b>0.8</b>

Provisions are recognised where the Company has legal or constructive present obligations as a result of past events. The provision held at 31 December 2023 represents the cost of decommissioning terminals and related equipment at agent sites, and the disposal of these assets. Provisions are discounted when the effect of the time value of money is material.

**24. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES**

At the 31 December 2023, capital expenditure relating to the purchase of property, plant and equipment totalling €4.8m (2022: €0.3m) was contracted for in the year but not yet incurred.

Fixed and floating charges held by the Trustee on the EuroMillions and EuroDreams trust accounts are set out in Note 14.

Fixed and floating charges held by the Company's lenders are set out in Note 18 (a).

Other than those noted above, there are no significant contingent liabilities pertaining to the Company.

## PREMIER LOTTERIES IRELAND DAC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 25. RELATED-PARTY TRANSACTIONS

The Company is controlled by Premier Lotteries Ireland Midco DAC. The Company's ultimate owner and controlling party is Française des Jeux (FDJ) from 3 November 2023 prior to this it was Ontario Teachers' Pension Plan Board (OTTP).

##### Amounts due from parent company

In 2022 the Company was owed an interest free loan of €100m from its parent company, Premier Lotteries Ireland Midco DAC, this was repaid in full during the year.

##### Loans due to related parties

The loans incurred a fixed rate of interest of 9.0% and are repaid in full during the year €261.3m inclusive of €1.4m withholding tax. The Company made no repayments in relation to interest payments on these loans in 2022.

In accordance with the terms of the loans, interest is capitalised within the loan balance on a quarterly basis. The outstanding balances including capitalised interest, and accrued but not yet capitalised interest, are as follows:

	31/12/2023 Accrued interest €m	31/12/2023 Capital balance €m	31/12/2022 Accrued interest €m	31/12/2022 Capital balance €m
Ontario Teachers' Pension Plan	-	-	1.8	208.8
An Post	-	-	0.2	22.5
An Post Pension	-	-	0.2	27.6
	<u>-</u>	<u>-</u>	<u>2.2</u>	<u>258.9</u>

Included within the capital balances due to related parties is capitalised interest (2022: €169.5m).

##### Trading transactions with related parties

The An Post Group, was a related party (until 3 November 2023) by virtue of being a shareholder who provide the Company with postal services on an ongoing basis. An Post also acts as an agent for the Company whereby it makes sales and pays prizes on behalf of the Company in accordance with the standard terms and conditions and remuneration structure common to all of the Company's retail agents. For 2022 the value of these services was €1.9m and amounts owed to An Post were €0.5m.

Camelot Global Services Limited a UK company, was a related party (until 1 March 2023) whose ultimate owner was Ontario Teachers' Pension Plan provided systems implementation and support services to PLI through its Irish registered branch. The value of these services for 2022 was €8.7m and amounts owed to its Irish branch for 2022 was €1.6m.

##### Directors' Remuneration

Total emoluments paid to or receivable by directors during the year in respect of qualifying services was €1.1m (2022: €0.6m) as set out in Note 6.

PREMIER LOTTERIES IRELAND DAC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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26. SHARE CAPITAL PRESENTED AS EQUITY

a) Authorised and allotted share capital

Authorised	Number	31/12/2023
Ordinary shares of €0.01 each	1,000,000,000	€ 10,000,000

During the financial year, Authorised 500,000,000 'A' Ordinary Shares of €0.01 each & 500,000,000 'B' Ordinary Shares of €0.01 each were re-designated into 1,000,000,000 Ordinary Shares of €0.01 each.

Allotted, issued and fully paid	Number	€
Ordinary share of €0.01 each	363,597,702 (2022: 363,597,700)	3,635,977

During the financial year, issued 363,586,701 'A' Ordinary Shares of €0.01 each & 11,000 'B' Ordinary Shares of €0.01 each were re-designated into 363,597,701 Ordinary Shares of €0.01 each.

During the year there was an issue of 1 'A' Ordinary share for €0.01 and share premium for €261.3m and a further issuance of 1 Ordinary Share and related share premium of €240.1m followed by a share capital reduction of €501.4m.

b) Rights and obligations

**With regards to income:**

The profits of the Company available for distribution and resolved to be distributed in accordance with the articles in respect of any financial year or other period for which the Company's financial statements are made up are to be distributed amongst the Shareholders in accordance with the provisions of Article 28. Subject always to the provisions of Article 28 the Company may declare or pay a dividend on any class or classes of shares to the exclusion of any other class or classes of shares and may declare a greater dividend on any class or classes of shares than on any other class or classes of shares.

**With regards to 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 to the Shareholders in proportion to the amounts paid up or credited as paid up on the shares held by them.

**With regards to voting:**

The Ordinary Shares shall confer on each holder thereof (in that capacity) the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

c) Dividends paid

During the financial year the company paid a dividend of €100,000,000 to its immediate parent company, Premier Lotteries Ireland Midco DAC (2022: €Nil).

**PREMIER LOTTERIES IRELAND DAC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**27. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Premier Lotteries Ireland Midco DAC who immediate parent is Premier Lotteries Ireland Holdings DAC. The ultimate parent and controlling party is La Française des Jeux (FDJ), who acquired the entire share capital of Premier Lotteries Ireland Holding (PLIH) on 3 November 2023. Consolidated financial statements are available on their website [Publications and results - FDJ \(groupefdj.com\)](https://www.groupefdj.com).

The previous parent and controlling party was Ontario Teachers Pension Plan Board (OTPP).

**28. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END**

The proposed final dividend of €20.0m is subject to approval by shareholders passing a written resolution and has not been included as a liability in these financial statements.

No other material events have occurred since the year end date which would affect the financial statements.