

QUESTIONS AND RESPONSES: RFP BRIEFING SESSION

| No. | Question | Response |
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| 1. | Throughout the presentation, the words chapters / sections are used interchangeably. Is there a preference? | In responding applicants wording in the RFP refers to Chapters. |
| 2. | Will the presentation be forwarded to delegates? | No, the information is a summary of the RFP document. The RFP is available for purchase. |
| 3. | Are the sports pools operations in line with the gambling board product or totalizer? Are they in conflict? | No, sports pools is a different gaming product to sports betting which is licensed under the Gambling Board. |
| 4. | Is there a period where applicants will do a presentation to the Board? | The presentations will be called upon at the discretion of the Board. |
| 5. | With regards to the 20% state equity participation, is there an entity in the RFP to whom this will be allocated or must it be warehoused? | The RFP specifies that the Minister will designate the state entity(ies) to which the 20% will be allocated prior to commencement of operations. |
| 6. | Are submissions electronic or in hard copy? | Both. |
| 7. | Is the R3m application fee refundable? | The fee is non-refundable. |
| 8. | Explain the weightings between the technical and financial evaluation. | Each category is weighted in its score. The evaluation is in stages. Scoring in technical requires an threshold score. There is thus no weighting. There are no weightings between technical and financial evaluations. Each carries its own score. |
| 9. | Expand on player protection measures? | The player protections measures were discussed during the presentation of Chapter 16 of the RFP. |
| 10. | The lottery must be digitally driven, are there any other elements embedded in this? | Applicants must present a more technologically advanced operation than is currently the norm globally, having regard to the evolution of technology. Applicants are to propose something above the norm. |
| 11. | Where does the Competition Commission process fit into the timelines? | There are no competition authority approvals required in this application process. |

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| 12. | How do local and provincial gambling regulatory framework interface with the lottery? | The Lotteries Act regulates Sports Pools, and the Gambling Act regulates sports betting. Sports pools are distinct from sports betting. |
| 13. | What are the maximum number of games that can be developed in the time frame? | There is no restriction on the number of games that can be developed. |
| 14. | Are the probity and investigation costs additional to the application fee? | No. |
| 15. | Given the fact that the applicant is a special purpose vehicle, must risk committee and internal audit structures be in place at the time of application? | The audit and risk committee charters and structures must be submitted as part of the application. |
| 16. | Is market research for local or international games? | Yes. |
| 17. | Given that it is a SPV, is it the intention to provide information on ISO standards and WLA compliance in the submission? | <p>The RFP states in Par. 11.21 that:</p> <p>“Applicants must ensure compliance to the following best-practice standards and information-technology governance frameworks:</p> <p>11.21.1 World Lottery Association Security Control Standard: WLA – SCS (Part A and Part B) is the Lottery sector’s only internationally recognised information-security standard. ISO 27001, the international best-practice standard for Information-Security Management System compliance requirements is incorporated into the WLA – SCS standard; and</p> <p>11.21.2 Control Objectives for Information and Related Technology (COBIT): COBIT provides an IT governance framework that helps in delivering value from IT and the understanding and managing the risks associated with IT; and</p> <p>11.21.3 Business Continuity Standard ISO 22301.”</p> <p>Prospective applicants should note that the Evaluation Committee will assess the applicant’s compliance with, and readiness to implement, these critical standards and</p> |

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| | | governance frameworks as part of the technical evaluation. Compliance is therefore required at the stage of submission of the application. |
| 18. | Will the NLC make data on historic game performance available (over 7 years)? | <p>The NLC will not make historic game performance data available on the basis that this information is not in the public domain, but applicants should, in their financial proposals, assume the current net revenues of the National Lottery being maintained in nominal terms, namely R 6 200 000 000.00 per annum.</p> <p>This figure should be disaggregated in the conservative forecast of the financial model in any manner the applicant wishes.</p> |
| 19. | Internal audit and risk committee question – the response to the question indicates that the charters should be in place at submission, but clarification is required whether the audit and risk committee members must be appointed? | Yes, the members must be appointed. |
| 20. | What is the expected turnaround time for questions asked in VDR? | <p>The questions asked in the Briefing Session and which are not responded to here, will be responded to via email by 7 September 2023.</p> <p>The questions in the VDR will be responded to within 3 business days of being posted.</p> |
| 21. | On the Player protection topic, the arrangement must be proposed by bidder. Does it mean that it forms part of Licence, especially with regard to excessive play? | <p>Yes, the instrument in which this must be included, is the Participants Code of Practice.</p> <p>Agreement must be reached between the NLC and the successful applicant as part of the pre-licence conditions.</p> |
| 22. | On state lottery topic – if you propose to cede your IPR rights, will this cession be captured in Licence Agreement? | If the applicant proposes a cession of IPR, it will be incorporated in the Licence Agreement. |
| 23. | State lottery – would that signify the end of private bidding or would it allow us to work with the state? So that we can articulate better in the bid? | This will be determined if and when the state decides to implement a state lottery. Applicants may make proposals in this regard. |

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| 24. | What access to information of current operator would be available for purposes of the transition plan? Must it be generic/ rolled out afresh? | <p>Under the current operator's licence agreement, there are provisions which obligate it to co-operate with the new operator during the transition phase.</p> <p>For purposes of the application, information in the public domain must be used.</p> |
| 25. | With regard to obligations regarding localization, must the equipment be manufactured during transition? | The successful applicant must be ready to roll out equipment and machines during transition. |
| 26. | In the context that the minimum prize for any Sports Pools game should be equal to at least half of all sales in respect of the draw, is the 50% inclusive or exclusive of VAT? | <p>The treatment of VAT is as described in the presentation on the financial model.</p> <p>Applicant's projected prize pay-outs on sports pools should be shown as net of the VAT input credit.</p> |
| 27. | In relation to sports betting and the totalizers authorised by provinces, does this compete with the proposed sports pools? | <p>Sports betting is authorised under the Gambling Act, and sports pools (excluding horse racing) are regulated by the Lotteries Act.</p> <p>The definition of sports pools in the Lotteries Act exclude a scheme or competition in respect of horse racing which is authorised by the Board:</p> <p>"sports pool" means any scheme, excluding any scheme or competition in respect of horse racing which is authorised by the board or which is conducted in the same manner and format and under the same circumstances as a scheme or competition in respect of horse racing that existed prior to 18 June 1997, under which—</p> <p>(a) any person is invited or undertakes to forecast the result of any series or combination of sporting events in competition with other participants; and</p> <p>(b) a prize is to be awarded to the competitor who forecasts the said result correctly or whose forecast is more nearly correct than the forecasts of other competitors, or a number of prizes are to be awarded on the basis aforesaid, and for the purposes of this definition the forecast of a result includes not only the forecast of the person, animal, thing or team that will be victorious or otherwise, but also any forecast relating to the system of scoring employed in the sporting event in question, or to the person who will be responsible for the score;"</p> <p>By the exclusion of horse racing from the definition of sports pools, there is on the face</p> |

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| | | of it no conflict with sports betting authorised by provinces. |
| 28. | Does the NLC expect the sports pool market to grow? | Yes. |
| 29. | Are there existing agreements with sporting federations such as PSL? | No. |
| 30. | On the transition period, 6 months seems to be shorter than period allowed in previous bids. | The transition period is one month shorter than the last time, but transition in this period should be achievable. |
| 31. | In relation to completion of the forms, is it acceptable to complete the forms electronically, or must it be handwritten? | Electronic and hard copy submissions are required in line with the RFP requirements. |