

# Annual Report 2023

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Jumbo creating  
positive social change  
through making lotteries easier



Jumbo Interactive Limited  
ABN 66 009 189 128

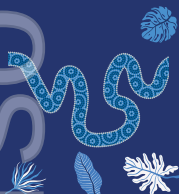
# Welcome to the Jumbo Interactive 2023 Annual Report

Jumbo Interactive Limited (**Jumbo**) and its subsidiaries (**Group**) would like to acknowledge the Turrbal and Yuggara People, the traditional custodians of the land on which our global business was founded. We pay our respects to elders past and present, the keepers and storytellers of First Nations customs and culture. We would also like to extend our respect to Aboriginal or Torres Strait Islander people engaging with this report.

Across the seas, we would also like to acknowledge the Blackfoot Confederacy, including the Siksika, Piikani and Kainai Nations; the Stoney-Nakoda Nation; and the Tsuut’ina Nation, upon whose land our subsidiary, Stride Management Corp, operates.

## About this report

The FY23 Annual Report has key information about our financial, non-financial, and sustainability performance for the reporting period 1 July 2022 to 30 June 2023. Certain relevant events that have occurred after the end of this reporting period but before publication of the Annual Report have also been included. All dollar values shown in this report are in Australian dollars (**A\$**) unless otherwise stated. For a holistic view of the Group’s performance, this report should be read in conjunction with the following reports available on our website – [www.jumbointeractive.com](http://www.jumbointeractive.com):



Sustainability Report



Corporate Governance Statement



Investor Presentation



Media Release

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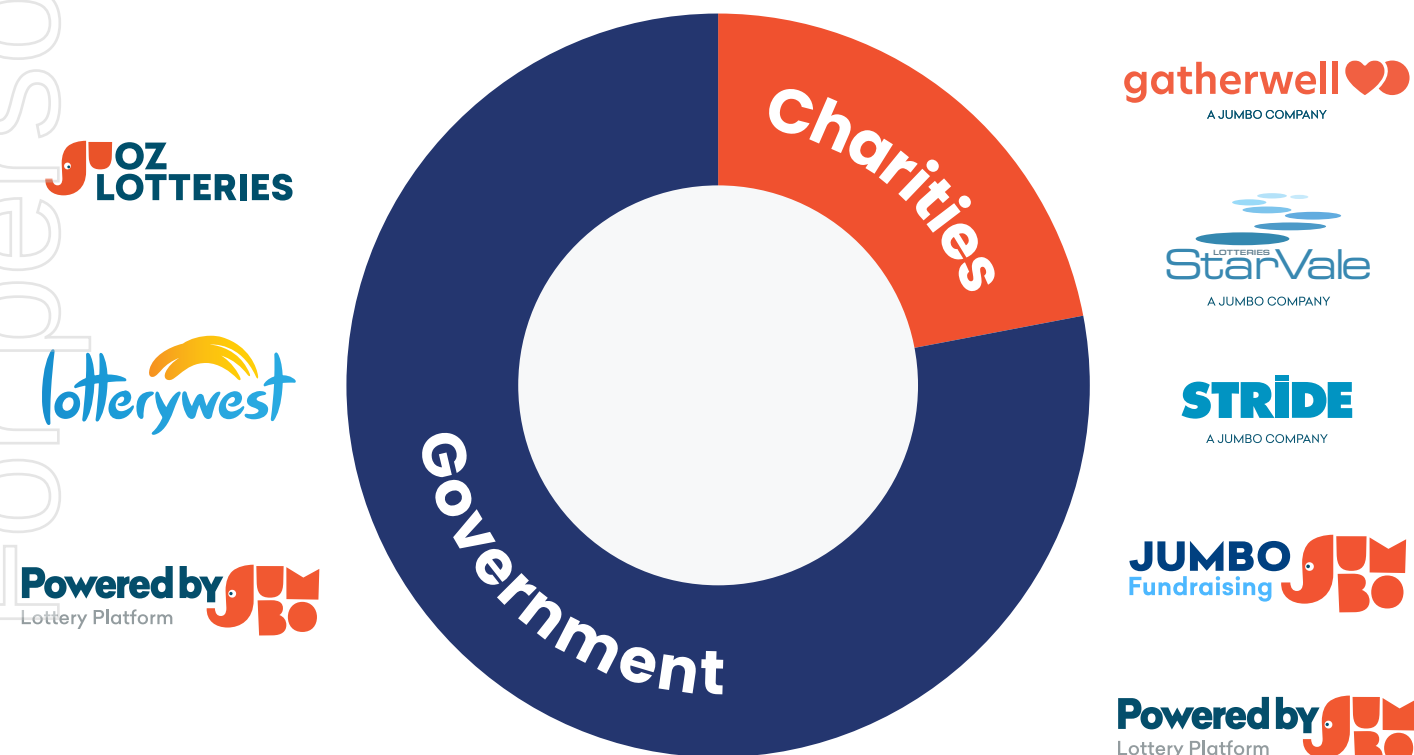
# About Jumbo

Jumbo is a digital lottery specialist. We provide our proprietary lottery software platforms and lottery management expertise to the charity and government lottery sectors in Australia and globally.

Our mission is to **create positive social impact through making lotteries easier** and our vision is to become **the number one choice in digital lottery and services** around the world.

Our innovative and player-centric approach to digital lotteries and online retailing make us the platform of choice for more than four million active players and more than 14,000 good causes. Our platform and superior player experience is scalable and caters for causes ranging from local causes to large state lotteries.

**Business mix** (based on FY23 revenue)



1. Return to cause funds raised by our charity partners, excluding state-based lottery taxes from Lotterywest and The Lottery Corporation.

# Financial highlights



TTV<sup>5</sup>

**\$851.9m**

▲ 29.1% YOY



Active players<sup>1</sup>

**4.0m**

▲ 39.2% YOY



Revenue

**\$118.7m**

▲ 13.9% YOY



Underlying EBITDA<sup>5</sup>

**\$58.9m**

▲ 6.9% YOY



Underlying NPAT<sup>5</sup>

**\$33.1m**

▲ 2.8% YOY



Underlying NPAT<sup>3,5</sup>

**\$35.3m**

▲ 8.5% YOY



Free cash flow<sup>2</sup>

**\$54.6m**

▲ 23.6% YOY



Underlying EPSA<sup>3,5</sup>

**56.1cps**

▲ 7.8% YOY



Cash balance<sup>4</sup>

**\$53.2m**

▼ 22.8% YOY



Dividend declared

**43.0cps**

▲ 1.2% YOY

1. Players who made a purchase over the 12 months to 30 June 2023.  
2. Cash flow from operating activities less cash flows for investing activities, excluding cash used for acquisitions of, and investments into, businesses and strategic assets.  
3. Net Profit After Tax / Earnings Per Share before amortisation of acquired intangibles.  
4. \$15m debt drawn to fund the acquisition of StarVale fully repaid by 30 June 2023.  
5. These are non-IFRS measures and are not audited.



# Message from our Chair

## Dear Shareholders

**This year, Jumbo has been steadfast in its execution of our long-term growth strategy. Lotteries remain a category that has proven resilient to economic downturns, even in the current environment of high inflation and interest rates.**

### Our mission is to create positive social impact

At Jumbo we create positive social impact by making lotteries easier. We are conscious of our impact on our immediate stakeholders – including players, clients, employees and shareholders – and proud of the important contribution we make to the broader community by making lotteries easier for good causes within the charitable sector.

The essence of our strategy has not changed: we are focused on maximising our Lottery Retailing segment in Australia and replicating our capabilities and learnings into other jurisdictions. Over time, we also aim to unlock incremental Total Addressable Market (TAM) opportunities by diversifying our propositions and building new capabilities in new sectors and geographies.

### Acquiring Stride and StarVale

Jumbo completed the acquisition of Stride in June last year, and now has a strong foothold to expand into other Canadian provinces. In November 2022, we completed the acquisition of StarVale to build scale in the UK by complementing our Gatherwell business which we bought in 2019.

In October 2022, I took the opportunity to meet with our Stride team in Calgary. The time spent accelerated my understanding of their local business operations and allowed time to get to know our leadership teams and discuss execution of their strategic plans. Further in June this year, I also met with our StarVale team in Lancaster and our Gatherwell team in Manchester. With so much time over the prior years spent on Zoom meetings, it was truly rewarding to meet our extended Jumbo teams on their 'turf' and to share our vision and to ensure that our Jumbo values are lived and breathed. We continue to be impressed by the quality and growth potential of these businesses. Their regulatory environments are similar to Australia and we see significant opportunities to grow in these markets.

### Our performance

FY23 adds another year of solid revenue, earnings and cashflow performance to our track record of delivering for our shareholders. Despite a 9% reduction in the average value per jackpot, Lottery Retailing delivered a resilient performance with both revenue and EBITDA up marginally. The Group result also benefitted from the contribution from Stride and StarVale, and disciplined cost management.

The Board has declared a final ordinary dividend of 20.0 cents per share, fully franked. This brings the total dividend for FY23 to 43.0 cents per share. This reflects a dividend payout ratio of 85.7% of statutory Net Profit After Tax (NPAT).

### Developments in the global lottery sector

The heightened interest in lotteries as an asset class continued this year with Aristocrat proposing to acquire Neogames in May, following the sale of Scientific Games' lotteries and the demerger of the Tabcorp lotteries last year. These developments drive a deeper understanding of lotteries as an asset class – and this outcome is fundamentally positive for the lottery sector.

Along with Mike and members of our senior leadership group, I had the pleasure of attending the World Lottery Summit in Vancouver in October last year where I took the opportunity to meet with the major global operators in the lottery sector.

I was genuinely humbled by the huge level of international respect Jumbo has earned in the sector for our best-in-class software and leadership, and the strong relationships we have with the industry, including The Lottery Corporation.

### Our focus on strong governance

In a regulated industry like ours, strong governance, conduct, and ethical behaviour are prerequisites for doing business, especially when working across multiple jurisdictions, as we do.

In October last year, we realigned responsibilities for corporate compliance within the Group and enhanced both our legal and internal audit resourcing.

We are not immune from the heightened scrutiny being experienced by the gaming sector, yet we are seeing some recognition that lottery services, particularly those offered by charitable organisations, pose a low risk of societal harm.

Pleasingly, lottery services are not included in the upcoming suite of legislation that proposes to ban the use of credit cards for online wagering in Australia and ban online gambling advertising across all media.

Similarly, the measures proposed in the UK government's white paper on modernising the UK Gambling Act for the digital age, do not significantly affect Jumbo's existing operations.



**“In a regulated industry like ours, strong governance, conduct, and ethical behaviour are prerequisites for doing business, especially when working across multiple jurisdictions, as we do.”**

### Sustainability

As a Board, we take a longer-term view on Environmental, Social and Governance (ESG) topics. Last year we released our inaugural Sustainability Report (FY22) identifying our sustainability priorities, specific targets, and timeframes.

In FY23 we achieved 40% gender diversity at both the Board and Group level. We also lodged our application to Climate Active Certification and expect to achieve Climate Active Certification for FY2022 imminently. Lottery Retailing customer satisfaction of 89% fell slightly short of the 90% internal target we set ourselves, but remains well above the industry average.

In a company first, Jumbo was globally recognised as a Great Place to Work this year and Jumbo is an attractive destination for top technology talent. To retain our staff, we offer best in class tools, varied and interesting projects and a great culture.

Our Reflect Reconciliation Action Plan is endorsed by Reconciliation Australia, and we are partnering with external cultural educators to raise awareness and celebrate First Nations cultures. We are proud to showcase local Yugambah artist, Chad Briggs' artwork in this year's Sustainability Report.

More than ever, data protection, cyber risk and resilience are among the most discussed topics around the Board table. The executive leadership team and Board work closely to stay abreast of emerging data security regulation and best-practice trends to maintain the integrity of our service offering and create a safe and trustworthy environment where customers can play with confidence. We have increased the training for Board and Executives on cyber matters including the use of independent subject matter experts.

While our best-in-class lottery software combined with our marketing expertise has led to strong active player and ticket sales growth over the years, our priority is always the welfare of our players. Through our world-class technology, we deliver a fun and safe, industry-leading play experience.

### Conclusion

On behalf of the Board, I thank all our clients, partners, players and shareholders for their trust and ongoing support. I sincerely acknowledge the entire Jumbo team, including our people at Gatherwell, Stride and StarVale, for their dedication and commitment and for making Jumbo the vibrant and innovative company it is today. The Board is enthusiastic about the opportunities ahead and our ongoing ability to create positive social change through making lotteries easier.

**Susan Forrester AM**  
Chair and Independent  
Non-Executive  
Director

## Board of directors



**Susan Forrester AM**

Chair of the Board,  
Independent Non-Executive Director  
BA, LLB (Hons), EMBA, FAICD



**Mike Veverka**

Chief Executive Officer and Founder  
Executive Director  
BEng (Hons)



**Sharon Christensen**

Independent Non-Executive Director  
LLB (Hons), LLM, GAICD



**Giovanni Rizzo**

Independent Non-Executive Director  
BCom (Hons), CA

# Message from our CEO and Founder

**Dear shareholder**

**Jumbo started with a single computer in 1995, and we patiently explored e-commerce opportunities before finding a niche in digital lotteries in 1999.**

Today we provide our proprietary lottery software platforms and lottery-management expertise to government and charity lotteries around the world. Our mission is to create positive social impact through making lotteries easier, and we aim to be the number one choice in digital lottery and lottery services globally.

With the acquisitions of Stride and StarVale completed in June and November 2022, we have established a strong foundation for growth in Canada and the UK. Together they add approximately 1.5 million active players to Jumbo and in FY23 have contributed \$15 million in revenue.

From 100 employees predominantly based in Brisbane in 2016, we have grown to more than 250 people operating across three continents. We still see enormous opportunity for growth in digital lotteries based on digital adoption in other industries such as banking, music, accommodation, housing and car sales. So far, we have only scratched the surface of potential demand, especially in the charity lottery sector.

## Strong track record of performance

This year our nimble operating model proved its worth. Good cost discipline and four Powerball jackpots greater than \$100 million offset the impact of an unfavourable run of jackpots in the first and third quarters of FY23, resulting in us exceeding our original margin guidance. Both Stride and StarVale delivered solid revenue growth on a proforma basis and continue to perform in line with our expectations. Our balance sheet remains strong. At 30 June 2023, we maintained a healthy cash position with approximately \$53 million in available liquidity to support growth. Together with our existing debt facility of up to \$47 million, this provides capacity for further strategic growth.

## Lottery Retailing

The jackpot environment for FY23 has been volatile to say the least. The subdued frequency of large jackpots during Q1 and Q3 has caused some of the weakest quarterly sales seen for over three years. Conversely, across Q2 and Q4, there were four jackpots greater than or equal to \$100 million – a jackpot size that has only happened twice previously in Powerball's 27-year history.

The \$160 million Powerball in October 2022 is now our best draw to date, with sales exceeding the \$120 million Powerball in February 2022. We signed up almost ~59,000 new players and the platform performed exceptionally well with 100% uptime. We broke records for signups, checkouts and tickets sold per second. This performance is testament to our work and focus on building a best-in-

class lottery platform, and the importance of continuing to get even better and faster going forward.

Over the last two decades, lotteries, particularly draw-based games, are an asset class that has proven to be resilient to economic downturns, delivering solid and consistent growth. Digital penetration has trended higher over the last decade, with strong annual increases since FY2018. Australia currently sits at 38.4% digital penetration for lotteries. This compares to 45% in the UK and well over 50% in some European countries. Our view is that the trend towards purchasing lottery tickets online will continue, bringing digital lotteries to a broader and younger audience.

## Software-as-a-Service (SaaS)

Our SaaS segment provides a software-only solution to sizeable clients, such as government and large charity lotteries. It continues to grow strongly. We were delighted to extend our relationship with Mater Foundation, one of our first Powered by Jumbo clients. Under new agreements, Mater will continue to use our platform until 2028. Both programs have experienced significant growth since transitioning onto our platform and have raised much needed funds for community benefit. We are working closely with Lotterywest to enhance the digital offering in Western Australia.

We still devote most of our engineering effort to Lottery Retailing and our existing Australian SaaS clients. The Powered by Jumbo platform is powerful, flexible, scalable, and optimised for digital channel performance. We are confident that our platform and expertise are relevant and transferable to government and charity lottery operators internationally, although this is likely to be a medium-term prospect. Over time, we expect more Stride and StarVale lottery clients will utilise Powered by Jumbo to unlock further growth, particularly as they increase their scale and become more sophisticated in player acquisition and retention.

## Managed Services

Our Managed Services segment provides software and additional services such as marketing, customer services, and draw management to smaller clients. Since acquiring Stride and StarVale in 2022, we have focused on integrating them into our operating structure and ensuring clear roles and accountabilities for performance.

Stride continues to perform well in its home provinces of Alberta and Saskatchewan and recently secured a gaming license in British Columbia. Stride has also applied for a gaming license in Ontario, the most populous province



in Canada. With more than three times the population of Alberta and Saskatchewan, British Columbia and Ontario are compelling opportunities to expand Stride's client base.

Our focus for StarVale is enhancing business development capabilities and identifying synergies across Jumbo's broader UK footprint. The business continues to perform well, winning several new clients and maintaining an enviable level of client retention.

Gatherwell had a weak year due to the more normalised operating conditions after COVID restrictions and delays inducting new clients. Following changes to their operating model to improve accountabilities and accelerate conversion of the pipeline, I'm pleased to see the business has traction with active weekly tickets returning to growth in the fourth quarter.

In Australia, we have refined the Jumbo Fundraising operating model to focus on the services valued most by our clients: our best-in-class lottery software, our sector and regulatory knowledge, and our player support. This approach has helped Jumbo win new clients including an extension of the Paralympics sponsorship and lottery management agreement.

Across our Managed Services clients in the UK, Canada and Australia, we are now supporting over 14,000 charities and good causes, and helping them raise important funds to support their mission.

## Leadership changes

In mid-July 2023, the company Chief Financial Officer (CFO) David Todd advised the Board of his intention to resign due to unforeseen personal health reasons. David has been with Jumbo for 16 years and will continue in the CFO role until a suitable replacement is appointed and a smooth transition completed. A comprehensive recruitment process is underway, considering both internal and external candidates: we expect to announce the new CFO in the second quarter of FY2024. The Board, management team, and all our staff across Australia, Canada and the UK wish him and his family the very best for the future.

## Sustainability

While lotteries are technically classified as a gaming product, they carry far less risk of harm than other forms of gaming such as sports betting, slot machines and online casinos. The risk is even lower for charity lotteries where players are motivated by supporting good causes and the frequency of draws and payouts are lower than for commercial lotteries.

In FY23 we prioritised the following areas to make good progress on our sustainability agenda:

- ✓ **Community** – we design software platforms and lottery management services that minimise the effort required to manage a lottery and maximise the funds raised for our charity partner's cause.
- ✓ **Players** – we ensure our player experience is fun and safe, by focusing on player protection measures, including responsible play, data protection and cyber resilience.
- ✓ **People** – we nurture our vibrant workplace culture and offer a unique employee value proposition to our talented team and the potential employees. We are committed to Diversity, Equity, Inclusion, and Belonging.
- ✓ **Environment** – we expect to achieve Climate Active Australia accreditation and carbon neutrality using carbon offsets, and have reviewed our longer-term environmental targets. As a digital lottery specialist, we offer our players a means to participate in lotteries in a fun and engaging way

while minimising our impact on the environment.

The initiative that I'm especially proud of this year was the launch of Jumbo University (JU). The purpose of JU is to support our employee's professional growth by giving them access to a market-leading learning platform and empowering them to expand their skillset. This helps our staff to grow and leads to improved performance, collaboration and innovation for Jumbo as a whole. Over time as JU matures, it will expand to include 'Faculties' specialising in department-specific curriculums that are core to Jumbo's success.

## Advances in Artificial Intelligence

AI has held a particular fascination for me since I first experimented with neural networks in 1995. The potential to greatly enhance what software could do was truly exciting. However the limited computing power pre-2000 made it more science-fiction than a genuinely useful tool.

Fast forward to today and steady progress in software design, networking technologies and computing power have brought AI closer to reality. In 2017 a breakthrough in Large Language Models paved the way for a new breed of generative pre-trained transformer models and in 2020 I was fortunate enough to be part of the private beta for OpenAI's GPT-3. To say I was excited would be an understatement.

In 3 short years GPT-3 continued to evolve and the latest version – ChatGPT – has demonstrated the potential to a much wider audience. However with power comes responsibility. Just like a pilot needs years of training to operate an aircraft safely, AI will need appropriately trained operators and regulated safety guardrails to be used safely.

At Jumbo, our engineering team has applied numerous technological breakthroughs over the years in a controlled manner. The popularisation of the world wide web and mobile devices as well as technical breakthroughs in server capacity and stability have all played a crucial role in our mission to make lotteries easier.

AI will be no different. Machine Learning (a subset of AI) has already been in use for the past 3 years and is evolving at a rapid rate. Our players are finding the games easier to play and our partners are finding lotteries easier to administer even as ticket sales continue to rise.

## Thank you

In July 2023 we transitioned our teams from a remote-first to a hybrid work model. It has been great to connect with so many of our staff in person and already we have observed an uplift in productivity and engagement.

I would like to take this opportunity to welcome all our staff from Stride and StarVale to Jumbo and thank their founders, Dean Faithfull and Phil Magleave, for their leadership and counsel throughout the transition. I'd also like to acknowledge the contribution of our hard-working and dedicated Jumbo people to another successful year. Finally, we appreciate the confidence of our shareholders whose support allows us to invest in making Jumbo the number one choice in digital lottery and services globally.

**Mike Veverka**  
Chief Executive Officer  
and Founder



# Senior leadership group

## Executive key management personnel



**Mike Veverka**

Chief Executive Officer  
and Founder



**Xavier Bergade**

Chief Technology Officer,  
joined January 2000



**Brad Board**

Chief Operating Officer,  
joined May 2001



**Abby Perry**

Chief People Officer,  
joined September 2016



**David Todd**

Chief Financial Officer,  
joined October 2007

## Senior leadership group



**Angie Cheung**

Head of Finance



**Michael Driver**

Head of Commercial



**Patrick Gordon**

Head of Growth



**Rick Hansen**

Head of IT Infrastructure



**Colin Hili**

Head of Product



**Lauren Hook**

Head of Risk,  
Sustainability, and  
Internal Audit



**Jatin Khosla**

Head of Investor  
Relations



**Ian McLean**

Head of Operations



**Chris Perry**

Head of Engineering



**Tiffany Rose**

Head of Legal

## Business leaders



**Susan Fozard**

General Manager -  
StarVale



**Levi Putna**

General Manager -  
OzLotteries



**Shane Simmons**

President -  
Stride



**Phil Wright**

General Manager -  
Gatherwell

# Our history

**1995**

- ✓ Mike Veverka founds Squirrel Software Technologies with a single PC

**1999**

- ✓ Jumbo listed on ASX as an e-commerce business

**2001**

- ✓ Jumbo started selling charity art union lottery tickets online

**2011**

- ✓ Jumbo signs 5 year agreement with SA Lotteries

**2008**

- ✓ Jumbo signs 5 year agreement with NSW Lotteries

**2005**

- ✓ Jumbo acquires Ozlotteries.com

**2013 – 2017**

- ✓ Rebuilt proprietary digital lottery platform

**2017**

- ✓ Tatts Group Limited takes an equity stake in Jumbo

**2018**

- ✓ Powerball major game change

**2021**

- ✓ Announced first Canadian ELM acquisition – Stride
- ✓ 1st UK SaaS client (St Helena Hospice) goes live

**2020**

- ✓ Extended reseller agreements with Tabcorp for 10 years<sup>1</sup>
- ✓ Implemented new operating model (launch of SaaS and Managed Services segments)
- ✓ 1st AU government SaaS client (Lotterywest) goes live (December 2020)

**2019**

- ✓ Acquired first UK ELM – Gatherwell Ltd
- ✓ 1st AU SaaS client (Mater) goes live
- ✓ Commenced selling Set For Life

**2022**

- ✓ Announced second UK ELM acquisition – StarVale
- ✓ Record \$160m Powerball jackpot
- ✓ Step up of investment in the business to prepare for future growth and acquisitions

**2023**

- ✓ Mater extends SaaS agreement
- ✓ Stride achieves final earnout milestone
- ✓ StarVale achieves final earnout milestone

**2024**

- ✓ Final step up in service fee payable to TLC<sup>2</sup>

<sup>1</sup> Post extension of reseller agreements, Tabcorp sells equity stake in Jumbo

<sup>2</sup> Pursuant to the Reseller Agreements with TLC dated 25 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY2021, 2.5% FY2022, 3.5% FY2023, and 4.65% FY2024 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service of 4.65% applies to the excess amount.

# Our strategy

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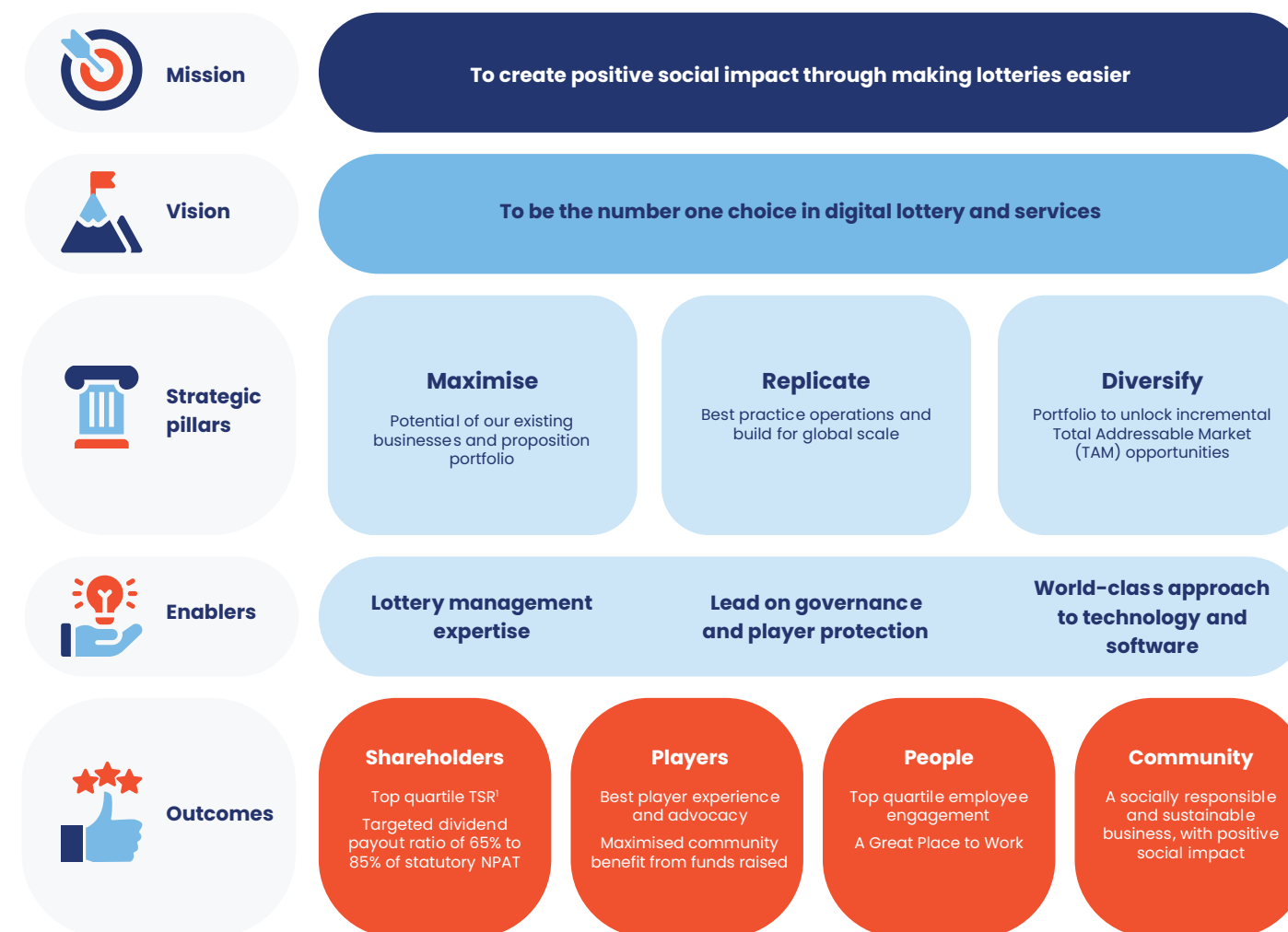
## A clear strategy to deliver value for all our key stakeholders

Jumbo is on a mission to create positive social impact through making lotteries easier. Our vision is to be the number one choice in digital lottery and services.

To deliver our strategy and move further towards our vision, we have three key strategic pillars:

- ✓ **Maximise** the potential of our existing businesses and proposition portfolio, particularly the Australian Lottery Retailing segment.
- ✓ **Replicate** best-practice operations and learnings from Lottery Retailing into our other operating segments and build for global scale.
- ✓ **Diversify** the portfolio to unlock incremental Total Addressable Market (TAM) opportunities and create new revenue streams.

The lottery management expertise Jumbo has developed over the last 25 years and our world-class approach to technology and software underpin the success of our strategy.



1. Total Shareholder Return vs S&P/ASX300 Accumulated.

# Servicing the full lottery management value chain

Jumbo has three operating segments.

- ✓ Lottery Retailing principally operates in Australia and includes the sale of lottery tickets digitally through Oz Lotteries.
- ✓ The SaaS and Managed Services operating segments were created in 2020 following the rebuild of our proprietary lottery platform and decision to expand globally. Jumbo's aspiration is to grow these segments to rival that of Lottery Retailing over time.

Reseller<sup>1</sup>



### Lottery Retailing

Jumbo is an authorised reseller of Australian digital lottery tickets through Oz Lotteries.



Software only



### Software-as-a-Service (SaaS)

We license our 'Powered by Jumbo' (PBJ) digital lottery platform as a solution to government and charity lottery operators in Australia and globally.



Software plus services



### Managed Services

We provide our lottery platform and lottery management services to charities and worthwhile causes that are looking to establish a lottery program or enhance an existing program.



1. Jumbo is an authorised reseller of lottery tickets via Reseller Agreements with The Lottery Corporation Limited (TLC). In August 2020, Jumbo extended its long running Reseller Agreements with TLC for a further 10 years to August 2030. The Reseller Agreements do not cover the states of Queensland (due to small business restrictions limiting lottery agencies to businesses that employ less than 50 FTE) and Western Australia (where Jumbo has entered into a SaaS agreement to provide our proprietary lottery software platform and services for up to 10 years). The trademarks are licensed to applicable members of the Jumbo Group under the Reseller Agreements with TLC.

# Growing active players provides the foundation for growth

Growth in active players is a key focus of our strategy. An active player is someone who has purchased a lottery ticket in the last 12-month period. The more active players we have on our platform, the more tickets we sell, and the more we can grow revenue.

We have demonstrated strong active player growth in our Lottery Retailing segment over the years, with active players more than doubling from FY15 to FY19. More recently, we added new active players in Australia via our SaaS segment

and in the UK and Canada via our Managed Services segment. The growth in Managed Services has been a result of the acquisitions of Gatherwell in November 2019, Stride in June 2022, and StarVale in November 2022.

## Active players who made a purchase in the 12-month period



1. Stride active players restated to align with Group methodology (551k in FY22 versus ~750k previously). StarVale active players estimated for FY23 (975k).



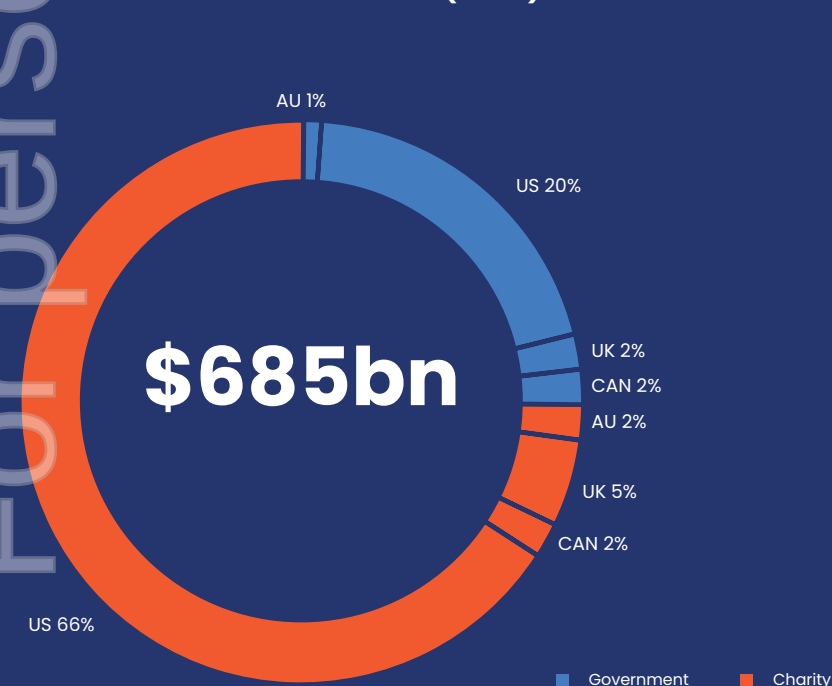
## Large, growing and underpenetrated serviceable available market

We see a substantial opportunity for Jumbo to grow in our priority markets of Australia, the UK and Canada. The serviceable available market for our products and services is large and significantly underpenetrated and, as we develop new software capabilities and skills, we can expand this further by offering new solutions to meet the untapped needs of clients.

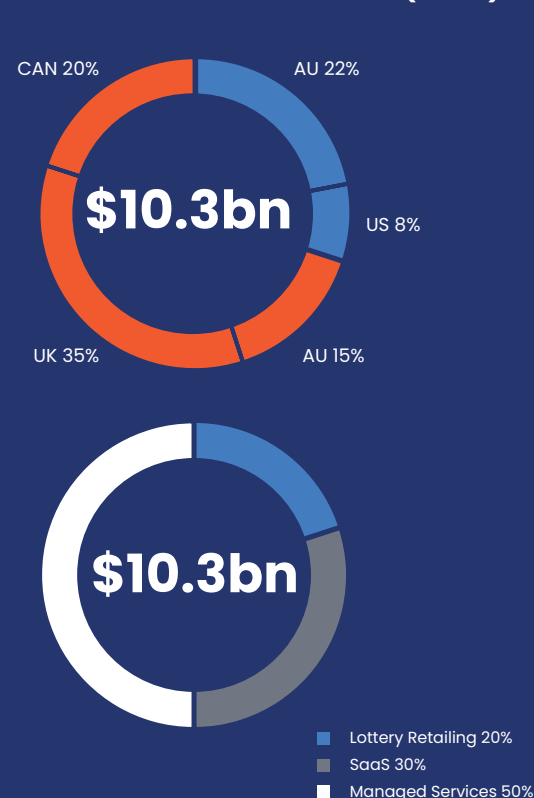
We also continue to closely monitor the government sector in the US where iLottery remains an under-developed segment of the broader lottery market. As iLottery adoption reaches a critical mass, and we see evidence of increased standardisation and heightened expectations of a 'digital first' approach, we believe the timing will be right for a more aggressive approach into this market.

Our best-in-class lottery platform and lottery-management expertise drives better acquisition, engagement, and retention of players. We use our digital skills to continuously improve the player experience, enhancing players and keeping them active – in turn satisfying our lottery partners and minimising our contract risks.

Total Addressable Market (TAM)<sup>1</sup>



Serviceable Available Market (SAM)<sup>2</sup>



1. Reflects total government lottery market in Australia and the US plus total individual charitable giving in Australia, UK and Canada.  
 2. Reflects the current portion of the market that can be acquired based on our existing business model, including existing product set and capabilities  
 Source: Australian Gambling Statistics, Tabcorp financial reports, Lotterywest Annual Report, ACNC (Australian Charities Report – 7th Edition), Charity Commission For England and Wales, The Giving Report 2022 (Canada), La Fleur's 2021, The National Philanthropic Trust (which curates statistics from recent studies and reports on charitable giving in the U.S.), North American Gaming Almanac 2020-21  
 All figures shown in Australian dollars (A\$1.00 = US\$0.71; £0.56 and C\$0.91)

## Our businesses



## Lottery Retailing



### At the heart of Lottery Retailing is our best in class lottery software and user experience.

Our best-in-class lottery software allows us to easily handle the peak ticket sales volumes associated with very large draws: while our laser focus on the player experience ensures we maximise player engagement and retention. Jumbo's advantage comes from our dual role as both developer and client of our own software. Our experience using our own software platform in Lottery Retailing enables us to solve problems for ourselves, as well as our SaaS clients.

### Best in class lottery software and player experience



#### Best in class lottery software

- ✓ >\$50m invested over the last 10 years
- ✓ Secure, stable and efficient – ability to handle tidal demands of lottery jackpot cycles
- ✓ ISO 27001 certified with highest standard of security and player protection
- ✓ >90% of engineering effort on product roadmap, R&D



#### We offer a best-in-class user experience

- ✓ Time and energy in researching player needs, enhancing convenience
- ✓ A relentless focus on continuously improving the player experience and minimising friction
- ✓ Significant investment in modern technology tools (AI, machine learning etc) to drive personalisation



#### We have more ways to win

- ✓ Unique product portfolio with:
  - ✓ Commercial lottery games
  - ✓ 9 charity-based lottery games supporting great causes



#### Innovative features/ways to play

- ✓ Unique features such as Lotto Party
- ✓ First digital retailer to offer Autoplay
- ✓ Personalised number pages
- ✓ 0-touch subscription mechanism



#### Player support and protection

- ✓ ~90% customer satisfaction
- ✓ 87% of calls answered within 60 seconds
- ✓ Access to a real person
- ✓ Real-time monitoring of ticket sales for problem gambling

### Our platform is complemented by modern technology and integrations.

We have invested significantly in data analytics tools, Artificial Intelligence (AI) and machine learning to deliver a more personalised, engaging, and entertaining player experience that drives retention, loyalty, and advocacy. We can analyse the behavioural and transactional data of players through best-in-class third-party apps that seamlessly integrate with our platform. Our agile and experiment-based approach to innovation allows us to identify, test and measure new methods and iterate quickly.



#### Experimentation

Complex experiments (backed by data) with our player experience to challenge bias/assumptions



#### Hundreds of Integrations

Customer data pipeline allows hundreds of possible integrations – top-of-class marketing, analytics, CRM platforms etc.



#### Personalised product recommendations

Machine learning to provide real-time, personalised recommendations

Minimises friction and maximises up-sell



#### Behavioral Analytics

Capture data on critical player journeys

Create personalised onboarding journeys



#### Player-centric Innovations

Ability to iterate on new features faster and smarter than before

**Our success to date is underpinned by our unique, modern technology culture and an unrelenting focus on the player experience.**



## Record-breaking \$160 million Powerball

### Key stats from \$160m Powerball (Oct-22)



**706,650 tickets** sold  
**59k sign ups**  
**1,283 tickets** sold per minute (peak)



**100% uptime** over the draw event (full service availability)



**>13 signups per second** during peak (47k new signups within 24 hours)



**>10% sales uplift** compared to \$120m draw in Feb 2022



**>58 checkouts per second** during peak



**>69 tickets sold per second** during peak

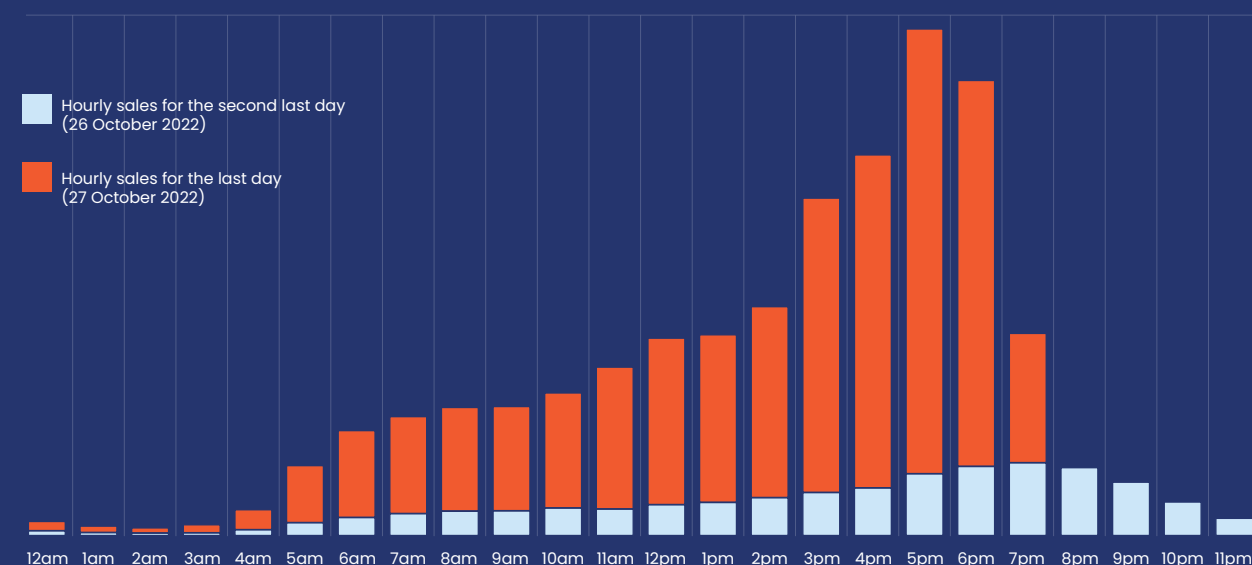


**>2,450 support interactions** on draw day: **89% satisfaction** (only 10 calls had a wait time > 2 mins)



**>11k prize withdrawals** processed from the platform

## Record breaking ticket sales during last day of Powerball \$160m





## Harnessing Artificial Intelligence

We are at the beginning of a significant transformation led by Artificial Intelligence (AI).

The recent rapid adoption of AI is due to the emergence of advanced Natural Language Models (NLM) that are widely accessible and have prompted widespread experimentation and pilot projects.

As a software company, Jumbo has always been an early adopter of new technology and for several years we have been conducting experiments with AI.

Our goal is to be well positioned to capitalise on its potential to add value to Jumbo, and well prepared for the ethical considerations that this technology may raise.

However, as we have seen with previous waves of revolutionary technology, it will take time, effort, and a long-term investment to attain substantial value from transformational technology like this.

### Customer Support

The use of AI in customer service has seen significant growth, and the potential is enormous.

AI-driven chatbots have risen to become the first point of contact for customer queries and support. These AI-enabled software tools are designed to mimic human interactions and promptly respond to customer questions.

With the incorporation of Natural Language Processing (NLP) techniques, chatbots are adept at understanding and interpreting customer questions. This enables them to supply information, direct customers to appropriate solutions, and perform tasks for the customer.

Chatbots provide a plethora of advantages as first-line support agents. They can simultaneously manage a large quantity of customer queries, ensuring swift responses and reducing customer waiting times, while forwarding more complex queries to their human colleagues when necessary.

Chatbots are free from the resourcing constraints of traditional customer support functions. They can provide instant support to customers 24 hours a day, 7 days a week and can scale up endlessly to service peak demand – such as those

experienced during significant jackpot events.

### Marketing

Machine Learning (ML) is a subset of AI known for its proficiency in pattern recognition, prediction, data classification, and decision support.

At present, we are working to use ML to analyse player behaviour and develop predictive models. These models play a crucial role in guiding our marketing strategies by helping us allocate our marketing budgets effectively.

ML also enables us to shift from conventional campaigns and gain a deep-rooted understanding of player attrition propensities based on their buying patterns. For instance, we can deduce that a regularly active player who abruptly halts engagement for a period of 3–4 days is more likely to discontinue their interaction, compared to someone who purchases less regularly but takes a hiatus for a full week.

Over the past few years, we've been incorporating ML into our marketing and data-handling procedures: we've deployed ML for generating product recommendations and have seen a significant increase in uptake for products recommended.

In addition to using ML, we've been exploring the use of generative AI tooling for copywriting and image generation. This technology allows us to create content that resonates with our target audience whilst ensuring ethical practices in content creation, at a speed that increases our productivity.

In building customer loyalty, we use intelligent algorithms to automatically decide when and where to send messages based on each customer's likelihood to engage. This targeted communication strategy results in more personalised interactions, fostering a stronger connection with our customers.

Furthermore, we're using algorithms to increase campaign confidence by optimising for the campaign variant driving the highest overall conversion rate. The tool can also personalise optimisation based on each customer's unique

attributes and behaviours. This ensures that a campaign can be tailored to individual preferences, maximising the impact and return on investment.

We have also begun to explore the use of large language models for ideation in keywords for Search Engine Optimisation (SEO) and Search Engine Marketing (SEM) but not overusing AI generated content which can negatively impact performance. These models offer insightful keyword suggestions, identifying opportunities to increase visibility in search engines and thus drive more targeted traffic to our online platforms.

By leveraging these sophisticated technologies, we are positioning ourselves at the forefront of the industry, providing unique and engaging experiences for our customers, whilst ensuring responsible and ethical AI practices.

### Development

Increasingly, software developers are using NLP to enhance their work in code generation, documentation, code analysis, test automation and even debugging assistance.

NLP models are well-suited for code writing because they possess the ability to comprehend and interpret natural language, extract essential concepts, and generate code that aligns with human intent.

We have conducted a pilot project employing GitHub Copilot, an AI-powered software development assistant that supports programmers with auto-complete suggestions during coding sessions. Copilot helped developers to code more quickly, concentrate on solving significant higher-value problems, maintain focus for longer periods, and produce better documented and more maintainable code. Importantly, our developers also experienced a greater sense of fulfilment in their work.

### Operations

As substantial customer data breaches become more prevalent, AI performs a crucial role managing transactional fraud.

By deeply scrutinising vast amounts of customer data, AI systems have the capacity to identify trends and anomalies that could indicate fraudulent actions.

Systems employing AI for fraud detection can monitor transactions in real time, contrasting them with past data and preset rules. They can swiftly flag suspicious activities and trigger additional scrutiny or immediate measures to avert fraud. And applying lessons learned from previous fraud instances, AI can constantly refine its algorithms to prepare for new fraud tactics.

Moreover, AI can enhance security protocols by integrating behavioural analysis. AI can study elements such as typing patterns and mouse movements to detect abnormal behaviour that might imply the use of automated scripts or fraudulent endeavours to access customer accounts without permission. Upon detecting such activities, the system can introduce supplementary security screenings and safeguards, like multi-factor authentication, to maintain the security of customer accounts.

### Governance

AI comes with important ethical considerations as well.

Given the opportunities for optimisation and enhanced customer experience from AI, we are enthusiastic and optimistic about its potential for Jumbo.

However, it's a fast-moving field and we have been following market developments and expert discussions around AI closely.

Our players' wellbeing is the primary consideration in all decisions, and we are designing guardrails for the responsible use of AI at Jumbo.

The balance is crucial to ensure decisions about what tools are used and how they are used is aligned to Jumbo's integrity and governance framework.



## Software-as-a-Service

Our proprietary lottery software Powered by Jumbo offers a complete enterprise digital lottery solution integrating all aspects of the lottery value chain. This enables our clients to maximise the potential of their lottery and in turn generate strong and sustainable growth in ticket sales and increase funds raised for good causes.



### Powerful

Specifically designed to meet peak demand with continuous capacity management.



### Flexible

Including interoperability with core gaming environments, and integrations with best-in-class marketing, CRM and data-analytics tools.



### Scalable

Enabling growth and ease of adaptation in line with evolving player, game-type, regulatory and systems enhancements.



### Optimised

Delivering an enhanced player experience across the mobile application, website and customer support.

## Best in class lottery software

Powered by Jumbo offers draw creation and automation, real-time ticket management, end-of-draw scoring, game types and compliant draw reporting.

### Sales channels

Through our software, we offer a superior player experience across all digital interfaces, leveraging AI and machine learning, leading website design, responsiveness and point of sale facilities.

### Payment gateways

Powered by Jumbo seamlessly integrates with multiple payment gateways while ensuring compliance with regulatory requirements such as Payment Card Industry Data Security Standard (PCI-DSS).

### Player management

Powered by Jumbo offers account management, purchase history and subscription management, player preferences and limits, funds and e-wallet management, prize payments and the ability to seamlessly migrate player databases using Application Programming Interfaces (APIs).

### Integrations

Integrated into our software are marketing automation tools; dynamic segmentation; and business intelligence and reporting tools that use APIs to enable real-time data analysis to personalise the player experience.

### Cyber security governance

Cyber security governance is a crucial element of our risk management program. It includes all the policies and processes Jumbo uses to identify and block cyber threats, based on security frameworks such as ISO 27001 and PCI DSS and SANS cyber incident response plan, including active monitoring of our network and usage pattern to detect, respond, mitigate and prevent cyber threats.

***“The adoption of the PBJ platform along with Jumbo’s digital lottery expertise and collaborative approach have helped transform our lottery program.”***

Andrew Thomas, CEO

Mater Foundation



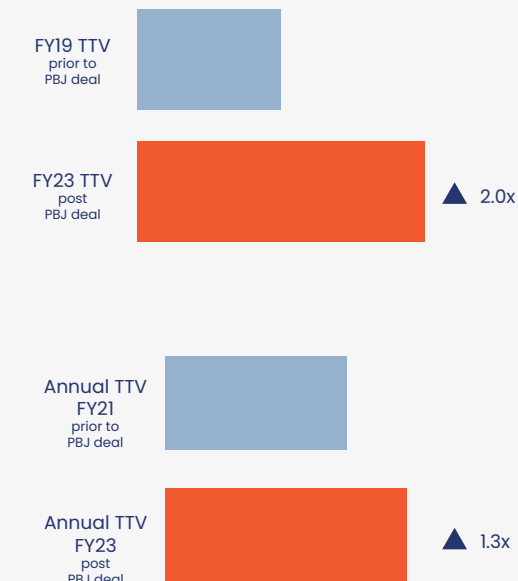
***“Our relationship with Jumbo has proved to be a great way to meet the needs of our customers, by combining the respective strengths of Lotterywest and Jumbo. The growth we’re seeing in engagement and sales is testament to the excellent teamwork and innovation across our teams.”***

Ralph Addis, CEO

Lotterywest



### Growth in ticket sales



## A secure platform built for performance

Our development process complies with the Information Security Management System under ISO 27001:2013. This international standard provides our clients and players with a high degree of confidence that their data is managed in accordance with best practice for information privacy, cyber security and software development.

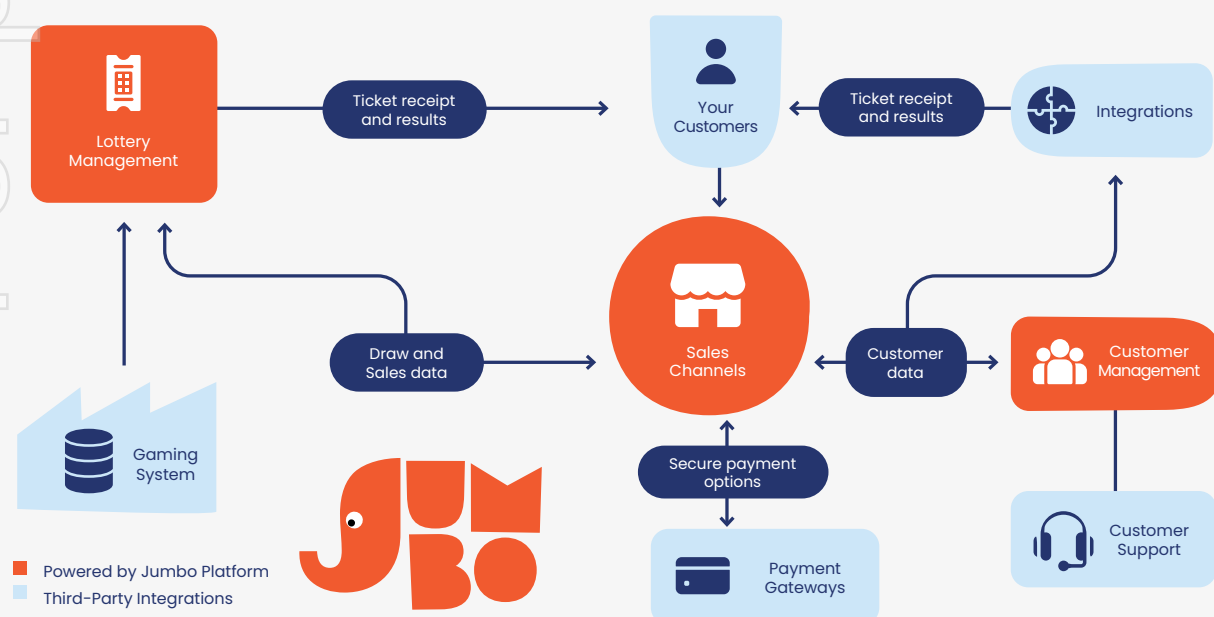
Approximately 50% of Jumbo's Australian employees are dedicated to the development and maintenance of our platform. Our engineering effort is split between supporting the platform, tools and training (10%), and improving the player experience through features (90%). Our Microservice architecture supports multiple development teams working across the platform at any given time. As a result, we typically deliver 20 small incremental releases a day to all SaaS clients. Daily performance monitoring and analysis helps to optimise system capacity.

To support innovation, we established Jumbo Labs where developers and product owners work

collaboratively on continual and rapid new business discovery and concept validation. Our approach to platform enhancement is underpinned by our Agile development processes and metrics that deliver continuous feedback to the teams.

The Powered by Jumbo platform is highly scalable to meet the tidal demands of lottery jackpot cycles. It is versatile and can be used as 'software only' (SaaS) or 'software + services' (Managed Services) solution. Additionally, thanks to the use of API's, Jumbo's platform can interoperate with all core gaming systems across the lottery ecosystem.

The platform architecture allows for easy expansion of system capacity to meet the demands of a growing player base as well as flexibility to host in cloud or on premises. It also drives significant efficiencies through the automation of manual and time-consuming activities, enabling organisations to optimise their operating cost base and redirect resources to value-adding activities.



## Managed Services

We provide our lottery platform and lottery management services to charities and worthwhile causes that are looking to establish a lottery program or enhance an existing program.

### Software

Powered by  
Lottery Platform

- ✓ Administration (draw set up, ticket management, End of draw (EOD) etc)
- ✓ Sales channels (web, app, operator, POS)
- ✓ Player account management (CRM)
- ✓ Integrations (marketing automation, analytics, tools)

### Services



#### Program development

- ✓ Lottery brand / campaign structure (frequency)
- ✓ Product (raffle, lottery)
- ✓ Duration
- ✓ Prize selection and procurement
- ✓ Ticket (number, pricing, bundling)
- ✓ Marketing plan



#### Marketing

- ✓ Execution of marketing plan across multiple channels
- ✓ Digital first approach
- ✓ Combination of in-house and outsourced via external parties



#### Draw management

- ✓ Regulatory compliance (permits, EOD reporting)
- ✓ EOD management (draw scoring using RNG, winner management, EOD financial and regulatory reporting)
- ✓ Payment processing (merchant management, fees)
- ✓ Partner management
- ✓ Player support (email, phone)







Gatherwell is a UK-based External Lottery Manager focused on digital lotteries for small to medium good causes, schools and local government authorities.

Our lotteries are a fun and engaging way to appeal to our clients, supporters and help raise funds.

Fundraise effectively with Gatherwell lotteries

At Gatherwell, our highly-awarded lottery management has helped 14,000 organisations raise more than £20 million for their causes, a number that continues to grow each year.

Build deeper connections with your community

Enjoyable and entertaining, Gatherwell's digital lotteries reward players with a fun experience, giving them the chance to win a prize in return for their support.

This is the ideal way to engage your existing community, and also provides new opportunities to connect with people who don't necessarily have an affinity with your cause.

*"Gatherwell did everything they could to help us turn our ideas into action. They did all the marketing, set up the website, dealt with all the payments and back-office administration. It was amazing. We then knew this wasn't just a pipe dream – we could actually support communities up here to thrive by helping people to help each other. We literally wouldn't be here without Gatherwell."*

Janet Paterson, Founder  
Western Isles Lifestyle Lottery

Products



Weekly lottery

2,300+ PTAs and Schools out of ~30,000



Weekly lottery

320+ charities and good causes including 77 under The Giving Machine™ (TGM) partnership model



Bespoke lottery solution

Servicing 100+ local authorities out of ~400, 20+ community lotteries (multiple causes), 15+ clients (single brand)



StarVale is a leading UK External Lottery Manager and payment processing company providing a full range of Society Lottery (weekly lottery and raffle) and prize draw services.

We build and manage the UK's some of the most successful fundraising lotteries and raffles.

At StarVale, we have an elevated view of the charity and non-profit sector, which gives us the unique power to envision new possibilities and achieve fundraising goals.

We transcend the norm by bringing new ideas to the table and enabling clients to leverage innovations from other world-leading lottery programs.

Over the past decade, we have raised more than £500 million in partnership with major charity and non-profit organisations all over the UK.

The UK's highest achieving lotteries

Our customers include some of the UK's most successful lotteries such as World Wildlife Fund, Macmillan Cancer Support, Battersea Dogs and Cats Home, Age UK and the RSPCA.

StarVale is designed for:

- ✓ Major charities
- ✓ Major non-profits
- ✓ Major sports organisations
- ✓ Hospices.

Leading external lottery management

We provide everything you need to make your lottery a success.

Payment processing

We offer cost-effective direct debit payment processing via DDPay.

All direct debits within our lottery management system are processed via DDPay, a subsidiary of StarVale. This ensures our clients have access to cost effective automated payment systems without any additional charges from our client's banks, as can often be the case. DDPay is a Bacs Approved Supplier, sponsored by the NatWest Group.

Expert consulting

Dedicated lottery website

Marketing and promotions

Customer support

Prize and draw management

Detailed reporting and insights

Complete compliance

Direct debit processing

***“StarVale provide us with a brilliant and transparent service, proactively offering ideas and strategic guidance for improvements and efficiencies which greatly benefit our lottery program.”***

**Madeleine McManus**

Senior Customer Segment Manager – Individual Giving  
British Heart Foundation



***“We’ve had a long and productive relationship with Stride. We rely on their knowledge and expertise to help us meet our goals today, and for the past 20 years.”***

**Andrea Robertson**

President and CEO, STARS

**STARS<sup>®</sup>**  
**LOTTERY**

**STRIDE**  
A JUMBO COMPANY

**Stride is a leading Canadian External Lottery Manager providing a full service offering to organisations seeking to fundraise via charitable lottery or a fully managed raffle product.**

At Stride, we provide world-class lottery and raffle management services and technology to charities and not-for profits across Canada. We believe our clients' success is our success. At Stride, our team of passionate experts take care of lottery and raffle management for our clients, from marketing, to digital ticket sales, to call center support and fulfillment. Our constantly-evolving solutions are designed specifically to maximize net proceeds for our clients' causes.

### Services



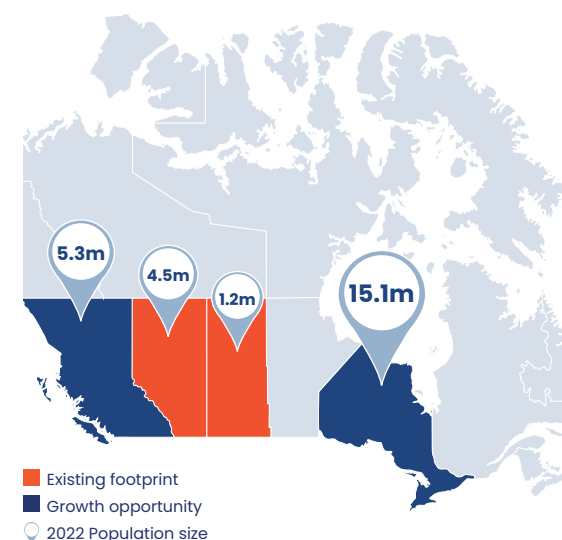
***“With over three times the population of Alberta and Saskatchewan, Ontario and British Columbia represent a compelling growth opportunity for Stride to expand its client base.”***

**Mike Veverka** CEO and founder

Jumbo Interactive

As part of the strategic rationale for acquiring Stride, a key priority for Jumbo is the expansion of the Stride business into the Canadian provinces of British Columbia and Ontario.

As a first step to executing against this strategy, Stride was registered as a Gaming Services Provider in British Columbia in November 2022, and is awaiting registration approval in Ontario.





*"We use StarVale to successfully manage our weekly lottery, which has grown to become one of the largest charity lotteries in the UK... They are great at sharing learnings and generating new campaign ideas to grow our lottery."*

Hannah Mason

Senior Marketing Manager (Prize-led)  
Macmillan Cancer Support

**MACMILLAN**  
CANCER SUPPORT

*"Alberta Cancer Foundation has partnered with Stride for 20 years; including licensing their "Powered by SMCCheckout" lottery platform. Stride continues to deliver on its commitment to provide world-class lottery management services and industry-leading ticket sales platform."*

Ryan Campbell

Director, Corporate Relations, Alberta Cancer Foundation



## Sustainability highlights

**\$235 million**  
in FY23 for good causes<sup>1</sup>

**252** Employees  
134 in Australia  
89 in UK  
25 in Canada  
4 in other



Certified as a  
**Great Place to Work**

**Climate Active**

FY2022 certification  
undergoing assessment<sup>2</sup>

**77%**  
Employee  
Engagement  
score

Gender Diversity –  
Female representation

**50%** Board  
**28%** Senior Leadership Group  
**44%** Group

Issued first

**Modern Slavery Statement**

December 2022

Australian operations<sup>3</sup>  
**Carbon neutral**

**40:40** VISION

Continued commitment to  
**Hesta's Vision**  
to increase the proportion of  
women in senior leadership roles

**\$250,000**  
each year in community  
sponsorships and donations

**89%**  
Customer  
satisfaction<sup>4</sup>

**Reflect Reconciliation Action Plan (RAP)**

officially accredited by  
Reconciliation Australia

1. Return-to-cause funds raised by charity partners, excluding state based lottery taxes from Lotterywest and The Lottery Corporation.

2. Following an extensive internal process including independent verification, we expect to meet the criteria in order to achieve Climate Active Certification. Our certification feedback is still under review due to delays in processing as notified by Climate Active.

3. Offset Jumbo's 2019 and 2022 carbon emissions through offset investment.

4. Lottery retailing for the 12-month period ended 30 June 2023.

# Directors' Report

The Directors of Jumbo Interactive Limited (**Company**), present their report on the consolidated entity (**Group**), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2023.

## 1. Board of Directors

The following persons served as Directors of the Company at any time during and up to the end of the financial year ended 30 June 2023:



**SUSAN FORRESTER AM: Chair of the Board, Independent Non-Executive Director  
BA, LLB (Hons), EMBA, FAICD**

Appointed Chair of the Board of Directors in September 2020, Susan is also a member of the People and Culture Committee and the Audit and Risk Management Committee. Bringing a wealth of experience having served as chair and non-executive director on multiple ASX listed companies, Susan has a particular focus on strategy and governance within industries that are undergoing rapid change, often as a result of technology. Her other directorships and commitments include director and chair of the People and Culture Committee of Plenti Group Limited (ASX:PLT) (since October 2020) and director of Data#3 Limited (ASX: DTL) (since February 2022). Her previous listed directorships include National Veterinary Care Ltd (ASX:NVL) (2015 – 2020), Xenith IP Limited (ASX:XIP) (2015 – 2019), G8 Education Limited (ASX:GEM) (November 2011 – May 2021) and Viva Leisure Limited (ASX:VVA) (August 2018 – January 2021). In addition, Susan serves on the Diligent Institute Advisory Board in New York as a corporate governance specialist, representing Asia Pacific and is a Qld Councillor with the AICD. In 2019, she became a Member (AM) in the General Division of the Order of Australia for significant service to business through governance and strategic roles as an advocate for women.



**MIKE VEVERKA: Chief Executive Officer and Founder, Executive Director  
BEng (Hons)**

Mike has been Chief Executive Officer and Executive Director of Jumbo Interactive Limited since the restructuring of the Company on 8 September 1999. Mike was instrumental in the development of the e-commerce software that is the foundation of the various Jumbo operations. Mike was the original founder of subsidiary Squirrel Software Technologies Pty Ltd in 1995 when development of the software began.

Mike also established a leading Internet Service Provider in Queensland which operated successfully for three years before being sold. Mike is regarded as a pioneer in the Australian internet industry with many successful internet endeavours to his name.



**SHARON CHRISTENSEN: Non-Executive Director  
LLB (Hons), LLM, GAICD**

Sharon was appointed to the Board of Directors in September 2019. She is also the Chair of the People and Culture Committee and a member of the Audit and Risk Management Committee. Sharon has over 30 years of commercial, legal and regulatory experience and is a research leader in regulatory responses to digital innovation and disruption. Sharon is currently a professor at the Queensland University of Technology and consults exclusively for Gadens Lawyers. She is widely regarded as one of Australia's leading commercial and property law academics.



**GIOVANNI RIZZO : Non-Executive Director  
BCom (Hons), CA**

Giovanni was appointed to the Board of Directors in January 2019. He is also the Chair of the Audit and Risk Management Committee and a member of the People and Culture Committee. Giovanni is a specialist in the gaming industry with over 20 years' experience in various management roles of large listed lottery, casino and electronic gaming machine businesses in South Africa, Canada and Australia. Giovanni was Head of Investor Relations at Tatts Group Limited prior to the merger with Tabcorp Holdings Limited in 2017. He is currently the General Manager of Corporate Advisory at Tyro Payments Limited overseeing the Legal, Company Secretarial, Financial Advisory and Investor Relations divisions.



## 2. Directors' meetings

The table below sets out the number of meetings of the Board of Directors (including Board committees) held during the year ended 30 June 2023 and the number of meetings attended by each Director.

| Meetings Table<br>Director | Board <sup>1</sup><br>Eligible to attend | Attended | Audit and Risk Management Committee<br>Eligible to attend | Attended       | People and Culture Committee<br>Eligible to attend | Attended       |
|----------------------------|------------------------------------------|----------|-----------------------------------------------------------|----------------|----------------------------------------------------|----------------|
| Susan Forrester            | 15                                       | 14       | 5                                                         | 5              | 5                                                  | 5              |
| Mike Veverka               | 15                                       | 15       | 5 <sup>2</sup>                                            | 5 <sup>2</sup> | 5 <sup>2</sup>                                     | 5 <sup>2</sup> |
| Sharon Christensen         | 15                                       | 15       | 5                                                         | 5              | 5                                                  | 5              |
| Giovanni Rizzo             | 15                                       | 15       | 5                                                         | 5              | 5                                                  | 5              |

<sup>1</sup>In addition to the Board meetings listed above, the Board made eight determinations by circulating resolution during the course of the year

<sup>2</sup>While not a member of the Committee, Mr Veverka attended each meeting as an invitee

## 3. Directors' interests as at the date of this report

The relevant interests of each current Director in the ordinary shares of the Company as at the date of this report is as follows:

| Director                        | Number of ordinary shares |
|---------------------------------|---------------------------|
| Susan Forrester <sup>1</sup>    | 32,366                    |
| Mike Veverka <sup>1</sup>       | 8,868,035                 |
| Sharon Christensen <sup>1</sup> | 5,916                     |
| Giovanni Rizzo                  | 4,000                     |

<sup>1</sup>In addition Susan Forrester holds 2,732 rights, Mike Veverka holds 109,125 rights and Sharon Christensen holds 2,732 rights, over unissued ordinary shares

## 4. Share options and rights

Unissued ordinary shares of the Company under the Equity Rights Plan at the date of this report are as follows:

| Date rights granted | Expiry date     | Exercise price of rights | Number under the Equity Rights Plan |
|---------------------|-----------------|--------------------------|-------------------------------------|
| 29 October 2020     | 1 July 2024     | \$nil                    | 92,965                              |
| 17 December 2020    | 4 November 2023 | \$nil                    | 40,984                              |
| 15 February 2021    | 4 November 2023 | \$nil                    | 14,590                              |
| 28 October 2021     | 1 July 2025     | \$nil                    | 57,572                              |
| 28 April 2022       | 1 July 2024     | \$nil                    | 2,732                               |
| 28 April 2022       | 1 July 2025     | \$nil                    | 2,732                               |
| 10 November 2022    | 28 August 2027  | \$nil                    | 107,577                             |

The holders of these rights do not have any rights under the rights to participate in any share issue of the Company or of any other entity.

During or since the financial year ended 30 June 2023, the following ordinary shares of Jumbo Interactive Limited were issued on the exercise of options granted:

| Date options granted | Issue price of shares | Number of shares issued |
|----------------------|-----------------------|-------------------------|
| 26 October 2017      | \$3.50                | 300,000                 |

During or since the financial year ended 30 June 2023, the following ordinary shares of Jumbo Interactive Limited were issued on the exercise of rights granted:

| Date rights granted | Issue price of shares | Number of shares issued |
|---------------------|-----------------------|-------------------------|
| 10 November 2022    | -                     | 32,452                  |
| 28 April 2022       | -                     | 2,732                   |

During or since the financial year ended 30 June 2023, the following rights were granted by Jumbo Interactive Limited to Directors and Executive Key Management Personnel (KMP).

| Name                                  | Number of rights granted during the year |
|---------------------------------------|------------------------------------------|
| <b>Directors</b>                      |                                          |
| Mike Veverka                          | 40,246                                   |
| <b>Other key management personnel</b> |                                          |
| Xavier Bergade                        | 17,608                                   |
| Brad Board                            | 17,608                                   |
| Abby Perry <sup>1</sup>               | 8,042                                    |
| David Todd                            | 17,608                                   |
|                                       | <b>101,112</b>                           |

<sup>1</sup> included in KMP from 26 August 2022

The People and Culture Committee has awarded 5,736 FY23 STI rights to Mike Veverka subject to shareholder approval at the 2023 AGM and 9,112 FY23 STI rights to KMP subject to Director approval at a Board meeting on the 2023 AGM date.

## 5. Company Secretary

Mr Graeme Blackett was appointed Company Secretary on 1 January 2021. Graeme holds a Bachelor of Arts, a Bachelor of Laws, a Graduate Diploma in Company Secretarial Practice, is admitted as a Solicitor in NSW and is a Fellow of the Governance Institute of Australia and of the Chartered Governance Institute. He has been a Senior Company Secretary with Company Matters Pty Limited for over five years and has been a Chartered Secretary for over 25 years, including holding company secretarial and governance roles with the (former) NRMA Group, Reckon Limited, the (former) Westfield Group, AMP Limited, ASIC and the National Australia Bank.

## 6. Remuneration Report

The Remuneration Report is set out on pages 52 to 70 and forms part of the Directors' Report for the financial year ended 30 June 2023.

## 7. Principal Activities

During the financial year, the principal activities of the Group consisted of:

- Lottery Retailing (Business-to-Consumer) (**B2C**);
- Software-as-a-Service (Business-to-Business) (**B2B**)/(Business-to-Government) (**B2G**); and
- Managed Services (**B2B**).

The following summary describes the operations in each of the Group's reportable segments:

### Lottery Retailing

Sales of Australian national lottery and charity lottery tickets through the internet and mobile devices to customers (B2C) in Australia and eligible overseas jurisdictions.

## Software-as-a-Service

Development, supply, and maintenance of proprietary software-as-a-service (**SaaS**) for authorised Businesses, Charities and Governments (B2B/B2G) mainly in the lottery market in Australia.

## Managed Services

Provision of lottery management services for authorised Businesses and Charities (**B2B**) in the lottery market on a domestic and international basis. Services include prize procurement, lottery game design, campaign marketing, and customer relationship and draw management.

## 8. Review of Operations

A review of the Group's operations for the financial year and the results of those operations, is contained in the Operating and Financial Review as set out on pages 44 to 51 of this Directors' Report.

## 9. Dividends

A fully franked final dividend of 20.5 cents per fully paid ordinary share for the year ended 30 June 2022 was paid on 23 September 2022, and a fully franked interim dividend of 23.0 cents per fully paid ordinary share for the year ended 31 December 2022 was paid on 17 March 2023.

On 25 August 2023, the Directors have determined to pay a fully franked final dividend for the financial year ended 30 June 2023 of 20.0 cents per fully paid ordinary share (2022: 20.5 cents per fully paid ordinary share), to be paid on 22 September 2023.

Further details of dividends provided for or paid are set out in Note 16: Dividends to the Consolidated Financial Statements on page 104.

## 10. Capital management

On 26 August 2022, as part of the Company's proactive approach to capital management, the Company announced an on-market share buy-back of up to \$25 million. The buy-back commenced in September 2022 and has been conducted on an opportunistic basis with the timing and number of shares purchased dependent on the prevailing share price and alternative capital deployment opportunities. As at 30 June 2023, 209,269 shares had been purchased at an average price of \$12.58. The Board has agreed to continue the on-market share buy-back program and will maintain a disciplined approach to execution. The timing and number of shares to be purchased remains dependent on the prevailing share price and alternative capital deployment opportunities. The Company reserves the right to vary, suspend or terminate the share buy-back program at any time.

## 11. State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial period except as otherwise noted in this report.



## 12. Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at [https://www.jumbointeractive.com/corporate\\_governance\\_statement.pdf](https://www.jumbointeractive.com/corporate_governance_statement.pdf).

## 13. Events subsequent to the reporting period

Apart from the final dividend determination announced on 25 August 2023 and the Board's decision to continue the on-market share buy-back, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Company in the financial years subsequent to 30 June 2023.

## 14. Likely developments, key business strategies and future prospects

Following continued success in the Australian lottery retailing sector, the Company is seeking to leverage its proprietary lottery software platform and lottery management expertise into new markets outside of Australia. The current operating model has been designed to increase the pace of execution, with three distinct operating segments: Lottery Retailing, SaaS and Managed Services. Over the medium to long-term, the Company's expectation is for the SaaS and Managed Services segments to grow and make a material contribution to Group earnings.

### 14.1 Overview of Group

The Group is a dedicated digital lottery software and services company, providing its proprietary lottery software platform and lottery management expertise to the charity and government lottery sectors in Australia and globally.

The consolidated entity is dedicated to developing and operating the world's best lottery experiences.

Our vision is to 'create positive social impact through making lotteries easier' which relies on:

- A world-class lottery approach to technology and software;
- Our lottery management expertise developed over 20 years; and
- Adopting a leadership position around governance and player protection.

Our strategy is to grow the business through an expanded product range and expanded geographic locations, distributed on a standardised basis through three operating segments being Lottery Retailing, Software-as-a-Service and Managed Services in domestic and international markets.

### 14.2 Lottery Retailing

Jumbo, through certain of its wholly owned subsidiaries, is an authorised reseller of lottery tickets under the flagship Oz Lotteries brand. This Lottery Retailing segment is well-established and includes the sale of Australian lotteries (national and charities) in eligible jurisdictions in both Australia and internationally.

The Lottery Retailing segment is underpinned via Reseller Agreements with The Lottery Corporation Limited (**TLC**), which were extended for a further 10 years in August 2020 (**Agreement**). TLC was demerged from Tabcorp on 24 May 2022 as a separate listed company on the Australian Securities Exchange and is Australia's exclusive operator of licensed lotteries for all Australian states except for Western Australia. Sales of national lottery games are undertaken through the following lottery agreements with TLC:

- Victoria – 10 years to 25 August 2030 with renewal negotiations 9 months prior to expiry, for sales to customers in Victoria and Tasmania;

- New South Wales – 10 years to 25 August 2030 with renewal negotiations 9 months prior to expiry, for sales to customers in New South Wales and the Australian Capital Territory;
- South Australia – 10 years to 25 August 2030 with renewal negotiations 9 months prior to expiry, for sales to customers in South Australia; and
- Northern Territory – 10 years to 25 August 2030 with renewal negotiations 9 months prior to expiry, for sales to customers in the Northern Territory and eligible overseas jurisdictions.

Pursuant to the Reseller Agreement with TLC, the service fee increased from 1.5% of the subscription price in FY21 to 2.5% in FY22 and 3.5% in FY23. It will increase to 4.65% in FY24 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service fee of 4.65% applies to the excess amount.

The domestic digital lottery market is currently estimated to be 38.4% of the total domestic lottery market (~\$7.8bn). This compares to more mature overseas markets such as the United Kingdom (UK) that has 45% digital penetration, and some of the Scandinavian lotteries with penetration even higher.

The Group commenced selling charity lottery tickets in July 2015 and there are currently a total of 9 charities using Oz Lotteries to sell lottery tickets including charities such as Mater, Endeavour Foundation, RSPCA and the Deaf Lottery Association. Charity ticket sales currently represent ~2% of total Lottery Retailing annual ticket sales.

The Oz Lotteries business is well-positioned to continue to capitalise on the trend of increasing digital adoption and the higher propensity for players to purchase lottery tickets on the internet or using a mobile device. Ticket sales continue to be significantly impacted by large jackpot activity which remains outside of the business's influence, however a persistent focus on innovation to improve player engagement and enhance the player experience is expected to continue to drive revenue growth.

## 14.3 Software-as-a-Service

The Company has identified a significant opportunity to license its proprietary lottery software platform 'Powered by Jumbo' (**PBJ**) to government and charity operators in Australia and globally. As at 30 June 2023, four SaaS client agreements had been operationalised in Australia. In November 2020, the Company secured a United Kingdom Gambling Commission software license, which permits the Company to supply its software to Gambling Commission licensed operators. Following this, the Company signed an agreement with its first UK charity client, St Helena Hospice which went partly live in November 2021 and fully live in March 2022.

Outside of Australia, the Company has prioritised the UK and Canadian charity lottery sectors and is closely monitoring iLottery developments in the United States. Following changes in legislation at both a federal and state level in the United States, some states have started to adopt digital lotteries in the form of iLottery, albeit the take up has been relatively slow due to retail opposition and the need to pass legislation to permit iLottery programmes. As at 30 June 2023, 14 out of 48 US lottery jurisdictions either have iLottery operations or have passed legislation for iLottery. This remains an underdeveloped segment of the market and we expect more states to adopt iLottery over time.

The growth prospects for SaaS are compelling with a serviceable available market estimated at \$3.1 billion<sup>1</sup> across the UK, Canada, Australia and United States.

## 14.4 Managed Services

The Company acquired Gatherwell Limited (**Gatherwell**) in the UK in November 2019 which is a licensed External Lottery Manager (**ELM**), providing a turnkey digital lottery solution to lotteries across the UK. Gatherwell's main customers are schools through [www.yourschoollottery.co.uk](http://www.yourschoollottery.co.uk), local authorities and councils, and small society lotteries through [www.onelottery.co.uk](http://www.onelottery.co.uk) and other individual brands.

In June 2022, the Company acquired Stride Management Corp. (**Stride**) in Canada, a licensed ELM, providing a full range of services including lottery management, ticket fulfilment, and marketing services in Alberta and Saskatchewan. In November 2022, the Company acquired the StarVale Group (**StarVale**), a leading UK ELM and digital payments company providing a full range of weekly lottery, raffle and prize draw services.

<sup>1</sup> Reflects the current portion of the market that can be acquired based on our existing business model, product set and capabilities. Source: La Fleur's, North American Gaming Almanac 2020-21.

The growth prospects for Managed Services are compelling with a serviceable available market estimated at \$5.2 billion<sup>1</sup> across the UK, Canada and Australia.

## 14.5 Group

The Company has invested in establishing strong foundations and capabilities to execute on our growth strategy, including ensuring our risk management and governance settings are robust and establishing a Senior Leadership Group. Excluding one-off items and the impact of Stride and StarVale, underlying expenses decreased 2.5%. This was primarily driven by disciplined cost management and lower marketing costs as a result of the jackpot environment. In FY2024, the Company will continue to invest in the business with the majority of the planned investment aligned to driving revenue growth, including a more normalised level of marketing spend following a period of lower marketing activity in FY2023 due to lower than expected large jackpots.

## 14.6 Impact of COVID-19

The change in consumer behaviour arising from the COVID-19 pandemic had a positive effect on digital penetration in FY2021 and FY2022. The change in consumer behaviour arising from the COVID-19 pandemic had a positive effect on digital penetration in FY2021 and FY2022. In FY2023, digital lottery penetration increased 0.7% on the pc to 38.4%, impacted by below average jackpot volumes (FY2022: 37.7%, FY2021: 32.8%).

In July 2023, the Company transitioned from a remote-first work model to a hybrid work model, encouraging employees to attend the office at least three days per week. A hybrid work model seeks to enhance collaboration and connectivity across teams and foster a high-performing culture while supporting work-life balance.

## 15. Key risks

The Group is continually monitoring the risks our business faces and ensuring the relevant risk response sufficiently mitigates these risks in-line with the risk appetite set by the Board. Some key risk areas identified are as follows:

### Integration

Jumbo has expanded our international presence and addressable market through the acquisition of Stride in June 2022 and StarVale in November 2022.

Both businesses have undergone a multi-level internal review to ensure alignment to the goals of integration and appropriate accountability to deliver these goals.

Jumbo has also bolstered resourcing to ensure the right balance is struck between cultural fit and achieving an efficient integration.

### Expansion

We see a substantial opportunity for Jumbo to grow in our priority markets of Australia, the UK and Canada. During the year Jumbo has been analysing the domestic and international market to identify opportunities to acquire lottery-management companies.

We are working to ensure balance between opportunity and the necessary investment required to ensure growth is not at the expense of the core business.

While we pursue the international expansion strategy, we are also monitoring the broader macroeconomic conditions. The inflationary economy and cost-of-living pressures have been more pronounced in certain markets; the potential reduction in discretionary spending is being factored into target analysis.

<sup>1</sup> Reflects the current portion of the market that can be acquired based on our existing business model, product set and capabilities. Source: Australian Charities Report – 7<sup>th</sup> edition, Charity Commission for England and Wales, The Giving Report 2022 (Canada).



### Data Protection and Cyber Resilience

Data governance is a strong risk focus and one of our most important compliance processes. During the year, we have added resourcing to refresh our data-governance strategy and reduce future risk by rationalising the data we collect and the period for which it is retained. We are closely following both the developments around the Australian Privacy Act and international legislation to ensure we are keeping pace with best practice data protection globally.

From its inception Jumbo has been a fully digital business and cyber risk has been a constant throughout the evolution of the business. We will continue to monitor and prepare for the next wave of cyber threat.

In particular in the past 12 months, we have been building a common understanding of good security posture and hygiene across the business from the customer-facing and operational employees through to the Board.

### Regulatory Compliance

We operate across an increasingly complex regulatory landscape in both our domestic and international markets. We work to ensure compliance with our regulatory obligations and proactively monitor legislative developments to help ensure we are safeguarding our future operations.

### Sustainability

Jumbo's success depends on meeting the expectations of our stakeholders. Their expectations are increasing and we are monitoring the legislative and reporting changes which are expected in the near future.

This year is the second year for our Sustainability Council and we are better positioned to prioritise the sustainability matters that are material to our stakeholders.

To read more about our Risk Management Framework, please see the Corporate Governance Statement ([https://www.jumbointeractive.com/corporate\\_governance\\_statement.pdf](https://www.jumbointeractive.com/corporate_governance_statement.pdf)).

## 16. Impacts of legislation and other external requirements

We operate in a complex and evolving compliance environment where we often face multi-layered state/territory, Australian and international legislative requirements. Recent developments include:

- Increased scrutiny on the gambling sector in Australia and abroad, specifically:
  - The introduction in Australia of a ban on use of credit cards for online gambling to be implemented in the 2024 financial year, noting lotteries are exempt from any proposed restrictions;
  - An inquiry into online gambling and its impacts on those experiencing gambling harm by the Australian House of Representatives Standing Committee on Social Policy and Legal Affairs recommending a ban on online gambling advertising across all media within three years. The Committee's final report acknowledged the lower gambling harm risk associated with lotteries, resulting in lotteries having been excluded from its recommendations; and
  - The UK Gambling Commission's white paper on gambling reform which sets out to ensure the UK's regulatory framework protects children and vulnerable people, prevents gambling related crime and keeps gambling fair and open in the digital age.
- Heightened focus on data protection, in the wake of recent high profile cyber incidents, with proposed changes to data privacy frameworks including:
  - An extensive review of the Privacy Act in Australia by the Commonwealth Attorney General's department which suggests broader application of the Privacy Act, increased obligations on entities collecting and using personal information and expanded individual rights to privacy;
  - Data protection legislation changes in the UK which impact the UK General Data Protection Regulations (GDPR) framework. The proposed changes may relax some onerous requirements retained post-Brexit whilst maintaining data protection adequacy with the EU; and
  - The potential harmonisation of privacy legislation in Canada to better align with international privacy laws, including providing increased individual rights to privacy and the imposition of more severe financial sanctions for breaches.

- Ongoing workplace reforms within Australia and internationally:
  - Significant changes in Australian laws regarding workplace equality and discrimination protections, including broadening the responsibility of employers to promote a safe working environment, as well as an increase in the rights to flexible working arrangements;
  - In the UK, legislation has been passed which provides ministerial power to restate, revoke, replace or make alternative provisions for EU derived legislation in the UK post-Brexit; and
  - In Canada, criminal enforcement provisions will come into effect prohibiting wage fixing and no-poaching clauses in certain circumstances.
- Evolution of Sustainability reporting frameworks and disclosure standards:
  - In June, the International Sustainability Standards Board (ISSB) issued its inaugural standards – IFRS S1 and IFRS S2, designed to help improve trust and confidence in company disclosures about sustainability to inform investment decisions;
  - IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term, while IFRS 2 sets out specific climate-related disclosures and is designed to be used with IFRS S1.
  - Both fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## 17. Indemnifying officers or auditors

During the financial year, the Company paid premiums in respect of a contract insuring Directors, Secretaries and Executive Officers of the Company and its controlled entities against a liability incurred as Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or any of its controlled entities against a liability incurred as such an officer. No indemnity has been provided to, or insurance paid on behalf of, the auditor of the Group.

## 18. Non-audit services

On 10 November 2022, Ernst & Young were appointed auditor of the Company following shareholder approval at the Annual General Meeting. The appointment of Ernst & Young was made following a competitive tender process. BDO had been the Company's auditor for over 10 years prior.

During the financial year, there were no non-audit services provided by Ernst & Young.

On the advice of the Audit and Risk Management Committee, the Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

## 19. CEO and CFO declaration

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have provided a written declaration to the Board in accordance with section 295A of the *Corporations Act 2001*. With regard to the financial records and systems of risk management and internal compliance in this written declaration, the Board received assurance from the CEO and CFO that the declaration was founded on a sound system of risk management and internal control, and that the system was operating effectively in all material respects in relation to the reporting of financial risks.

## 20. Proceedings against the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## 21. Rounding of amounts

The company satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the Directors' Report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and financial statements in accordance with that Legislative Instrument.

## 22. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 71.



**Susan M Forrester**  
Chair of the Board

25 August 2023



**Mike Veverka**  
Chief Executive Officer and Executive Director



# Operating and Financial Review

## 23. Explanation of results

The Group reports revenue on a net revenue inflow basis when they are agent such as with the sale of lottery tickets. The gross amount received for the sale of goods and rendering of services is advised as Company Total Transaction Value (**TTV - 'Company'**). In addition, where the Group acts as a licensor of its software platform, the gross amount of third-party lottery ticket sales transacted through its software platform is advised as third-party Total Transaction Value (**TTV - 'Third-party'**). Revenue is generated mainly as a percentage of TTV.

The Lottery Retailing segment continues to be the largest contributor to Group revenue and profits. Revenue for this segment decreased due to a lower level of large jackpots and lower customer activity. Gross profit was impacted by the 1% step-up in the service fee payable to TLC. The SaaS segment revenue and profit decreased mainly due to lower internal revenue received from Lottery Retailing. The Managed Services segment includes Gatherwell and StarVale in the UK, Stride in Canada, and Jumbo Fundraising in Australia. Stride completed on 1 June 2022 and contributed a full 12 months of performance in FY2023 while StarVale completed on 1 November 2022 and therefore only contributed 8 months of performance in FY2023.

On 24 May 2022, Tabcorp's lottery and keno business was de-merged and listed as a separate company on the Australian Securities Exchange as The Lottery Corporation Limited (**TLC**). There is no impact on Jumbo's relationship with TLC, the Reseller Agreement, or operations as a result of the de-merger.

Over the last twelve months, the operating environment has undergone a significant and rapid change with slower economic growth expected including the possibility of a recession. Inflation has emerged as a key global issue with central banks responding by increasing interest rates quickly and considerably. Lotteries have delivered consistent growth over the long term and have proven to be highly resilient to economic recessions.

The change in consumer behaviour arising from the COVID-19 pandemic had a positive effect on digital penetration in FY2021 and FY2022. In FY2023, digital lottery penetration increased 0.7% on the pcg to 38.4%, impacted by below average jackpot volumes (FY2022: 37.7%, FY2021: 32.8%).

Labour market conditions and wage pressure have eased following the initial disruption caused by the COVID-19 pandemic. However, the demand for digital expertise is expected to remain high and the Group remains committed to being a sought after employer for top digital talent.

The financial position of the Group is sound with strong liquidity. As at 30 June 2023, the Group had general cash reserves of \$53,190,000 underpinned by strong organic cash generation. The Group also has access to an additional \$47,000,000 through its senior debt facility for strategic growth opportunities.

As the technology industry is fast-moving with the rate of technological change high, the Group continues to invest in its software platforms. During the financial year, the Group received ISO 27001:2013 re-certification of the information security management systems applying to its core software platform product. In addition, better data management leads to an improved customer experience and increased sales. The Group has increased investment in technology for the benefit of both its own Lottery Retailing operations as well its SaaS and Managed Services clients. The Group continues to invest in its staff by ensuring remuneration levels competitive with the market, investment in training and development and additional resourcing to support growth. Marketing costs decreased on the pcg due to the unfavourable jackpot environment.

Investment in the three main pillars that support the ongoing growth of the Group are as follows:

- \$6,558,000 (FY2022: \$5,706,000) invested in the proprietary software platform (intangible assets);
- \$6,572,000 (FY2022: \$8,597,000) invested in marketing activities for the acquisition, engagement and retention of customers; and
- \$22,161,000 (FY2022: \$17,196,000) on employees who provide the software development and marketing skills, customer support services, and management.

## 24. Result highlights (statutory and underlying operations)

The Group has included TTV; underlying EBIT, EBITDA, NPAT, and NPATA; statutory EBIT and EBITDA. These measures are not defined under International Financial Reporting Standards (**IFRS**) and are, therefore, termed "non-IFRS" measures and are not subject to audit procedures.

Statutory EBIT is defined as Group earnings before net interest and tax, while statutory EBITDA is Group earnings before net interest, tax, and depreciation and amortisation.

Underlying EBIT, EBITDA, NPAT and NPATA are defined as statutory EBIT, EBITDA, NPAT, and NPATA adjusted for significant non-recurring items, and are provided as useful indicators of the Group's operating financial performance on a comparable basis.

Underlying earnings is the primary reporting measure used by management and the Group's chief operating decision maker (the Chief Executive Officer) for the purposes of managing and assessing the financial performance of the business.

|                                                                                              | FY2023<br>\$'000 | FY2022<br>\$'000 | Variance<br>% |
|----------------------------------------------------------------------------------------------|------------------|------------------|---------------|
| TTV <sup>10</sup>                                                                            | 851,933          | 659,924          | 29.1          |
| – Company                                                                                    | 449,085          | 460,637          | (2.5)         |
| – Third party                                                                                | 402,848          | 199,287          | >100          |
| Revenue                                                                                      | 118,712          | 104,251          | 13.9          |
| Revenue margin (%)                                                                           | 13.9%            | 15.8%            | (1.9ppt)      |
| EBITDA – statutory <sup>10</sup>                                                             | 58,146           | 54,045           | 7.6           |
| EBIT – statutory <sup>10</sup>                                                               | 46,851           | 45,303           | 3.4           |
| NPAT – statutory <sup>10</sup>                                                               | 31,569           | 31,176           | 1.3           |
| NPATA <sup>1</sup> – statutory <sup>10</sup>                                                 | 33,743           | 31,481           | 7.2           |
| Earnings per share – statutory (cps)                                                         | 50.2             | 49.9             | 0.6           |
| Earnings per share before amortisation of intangible assets – statutory (cps) <sup>10</sup>  | 53.6             | 50.3             | 6.5           |
| Add/(deduct) significant items <sup>2</sup>                                                  |                  |                  |               |
| – Profit on disposal of subsidiary <sup>3</sup>                                              | –                | (525)            |               |
| – Acquisition costs <sup>4</sup>                                                             | 115              | 973              |               |
| – Retention payments <sup>5</sup>                                                            | 244              | –                |               |
| – Chargebacks in years prior to FY22 <sup>6</sup>                                            | –                | 604              |               |
| – Fair value movement on financial liabilities <sup>7</sup>                                  | 410              | –                |               |
| – Tax effect of TLC extension fee <sup>8</sup>                                               | 861              | –                |               |
| – Tax benefit                                                                                | (100)            | (23)             |               |
| EBITDA – underlying <sup>10</sup>                                                            | 58,915           | 55,097           | 6.9           |
| EBIT – underlying <sup>10</sup>                                                              | 47,620           | 46,355           | 2.7           |
| NPAT – underlying <sup>10</sup>                                                              | 33,099           | 32,205           | 2.8           |
| NPATA <sup>1</sup> – underlying <sup>10</sup>                                                | 35,273           | 32,510           | 8.5           |
| Earnings per share – underlying <sup>10</sup>                                                | 52.6             | 51.5             | 2.1           |
| Earnings per share before amortisation of intangible assets – underlying (cps) <sup>10</sup> | 56.1             | 52.0             | 7.8           |
| EBITDA margin – underlying (%)                                                               | 49.6%            | 52.9%            | (3.3ppt)      |
| EBIT margin – underlying (%)                                                                 | 40.1%            | 44.5%            | (4.4ppt)      |
| Return on capital employed <sup>9</sup>                                                      | 31.6%            | 33.5%            | (1.9ppt)      |
| Cash at bank                                                                                 | 53,190           | 68,930           | (22.8)        |
| Net assets                                                                                   | 99,989           | 92,983           | 7.5           |
| Net tangible assets                                                                          | 30,215           | 45,416           | (33.5)        |
| Share price at year end (\$)                                                                 | 14.26            | 14.22            | 0.3           |
| Dividend declared (cps)                                                                      | 43.0             | 42.5             | 1.2           |
| Total shareholder return (%)                                                                 | 3.3%             | (17.7%)          | (119%)        |
| Shares on issue (million)                                                                    | 62.9             | 62.8             | 0.2           |
| Market capitalisation (\$ million)                                                           | 896.9            | 892.7            | 0.5           |

<sup>1</sup>NPATA is net profit after tax and before tax-effect amortisation expenses in respect of intangible assets acquired through a Business Combination which for the full year is \$2,174,000 (FY2022: \$305,000).

<sup>2</sup>Statutory earnings are adjusted by significant non-recurring items to get to underlying earnings.

<sup>3</sup>Profit on disposal of subsidiary relates to the sale of lightningpayroll.com.au business (Intellitron Pty Ltd) on 30 June 2022.

<sup>4</sup>Acquisition costs include consulting and legal expenses relating to the acquisition of Stride and StarVale.

<sup>5</sup>One-off retention payments for key Stride management following the completion of the acquisition on 1 June 2022.

<sup>6</sup>During a regular internal review of processes and procedures, disputed transactions totalling \$604,000 relating to periods prior to FY2022 were identified as having been found in favour of the cardholder but had not been expensed appropriately. As a result, a one-off expense was recognised in FY2022.

<sup>7</sup>The fair value movement on financial liabilities relates to StarVale (\$174,000) increasing the probability from 89% to 91% of paying the first and only earnout following 30 June 2023 and Stride (\$236,000) increasing the probability from 95% to 100% of paying the second and final earnout following 30 June 2023.

<sup>8</sup>Net Profit After Tax/Earnings Per Share before amortisation of acquired intangible assets and includes a one-off \$861,000 tax charge in FY23 due to a change in the accounting and tax treatment of the capitalised \$15 million extension fee paid under the Reseller Agreements with The Lottery Corporation in August 2020 – please refer to Note 11 for further detail.

<sup>9</sup>NPAT/Closing equity.

<sup>10</sup>These are non-IFRS measures and not audited.

## 24.1 Major items

- Lottery Retailing – pursuant to the Reseller Agreements with TLC dated 25 August 2020, a ‘stepped-up’ service fee is payable in the subscription cost of the tickets purchased at 1.5% FY2021, 2.5% FY2022, 3.5% FY2023, and 4.65% FY2024 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service of 4.65% applies to the excess amount.
- Lottery Retailing – ongoing intersegment software management fee of 7.5% of relevant TTV payable to the SaaS segment for the development, improvement and maintenance of the proprietary lottery software platform and provision of data information and analysis using technology such as Artificial Intelligence (AI) and machine learning.
- Managed Services – includes a full 12 months contribution from Stride (acquired 1 June 2022) and eight months contribution from StarVale (acquired 1 November 2022). The completion payment for StarVale of \$40,217,000 was settled 63% from cash reserves and 37% using existing debt facilities.

## 25. Consolidated results of operations

- The acquisitions of Stride and StarVale (reported in the Managed Services segment) were completed on 1 June 2022 and 1 November 2022 respectively. As a result Stride contributed a full 12 months (1 month in pcip) and StarVale contributed eight months to FY2023 performance (nil in the pcip).
  - In FY2023 Stride contributed \$102,278,000, \$8,072,000 and \$2,893,000 in TTV, Revenue and EBITDA respectively (FY2022: \$9,068,000, \$618,000 and \$80,000 in TTV, Revenue and EBITDA).
  - In FY2023 StarVale contributed to \$83,187,000, \$6,917,000 and \$2,844,000 in TTV, Revenue and EBITDA respectively.
- Excluding the contribution from Stride and StarVale:
  - Revenue increased 0.1% reflecting slightly higher Lottery Retailing and SaaS external revenue offset by lower revenue in Gatherwell.
  - Underlying EBITDA decreased 3.8% mainly due to the step up in the TLC service fee from 2.5% to 3.5% of the subscription ticket costs and lower other income. On a segmental basis, higher earnings in Lottery Retailing were more than offset by the EBITDA decline in SaaS and Gatherwell.
  - Underlying operating expenses decreased 1.8% with higher staff and technology costs, more than offset by a reduction in marketing spend due to lower jackpot activity and lower short-term incentive payments.

The Group's financial performance is summarised below.

|                    | FY2023<br>\$'000 | FY2022<br>\$'000 | Variance<br>% |
|--------------------|------------------|------------------|---------------|
| TTV                | 851,933          | 659,924          | 29.1          |
| Revenue            | 118,712          | 104,251          | 13.9          |
| Cost of sales      | (17,953)         | (14,473)         | 24.0          |
| Gross profit       | 100,759          | 89,778           | 12.2          |
| Other income       | 323              | 995              | (67.5)        |
| Operating expenses | (42,936)         | (36,728)         | 16.9          |
| EBITDA             | 58,146           | 54,045           | 7.6           |



|                                                      | FY2023<br>\$'000 | FY2022<br>\$'000 | Variance<br>% |
|------------------------------------------------------|------------------|------------------|---------------|
| Depreciation and amortisation                        | (8,612)          | (8,366)          | 2.9           |
| EBITA                                                | 49,534           | 45,679           | 8.4           |
| Amortisation of acquired intangible assets           | (2,683)          | (376)            | >100          |
| EBIT                                                 | 46,851           | 45,303           | 3.4           |
| Net interest expense                                 | (212)            | (66)             | >100          |
| NPBT                                                 | 46,639           | 45,237           | 3.1           |
| Income tax expense                                   | (15,070)         | (14,061)         | 7.2           |
| NPAT                                                 | 31,569           | 31,176           | 1.3           |
| Amortisation of acquired intangible assets after tax | 2,174            | 305              | >100          |
| NPATA                                                | 33,743           | 31,481           | 7.2           |

## 26. Review of operations

### 26.1 Lottery Retailing

The Group's Lottery Retailing segment operates the [www.ozlotteries.com](http://www.ozlotteries.com) website and sells tickets in Australian national draw lottery games to customers in all Australian states and territories (excluding Queensland and Western Australia) and in certain overseas jurisdictions, under 10-year agreements with TLC which run until 26 August 2030. The segment also sells tickets in Australian charity lottery games to customers in Australia and other eligible jurisdictions under agreements with several licenced registered charities in Australia.

|                        | FY2023<br>\$'000 | FY2022<br>\$'000 | Variance<br>% |
|------------------------|------------------|------------------|---------------|
| TTV - company          | 449,085          | 460,637          | (2.5)         |
| Revenue                | 91,287           | 91,098           | 0.2           |
| Gross profit           | 41,496           | 43,096           | (3.7)         |
| Operating expenses     | (10,962)         | (12,984)         | (15.6)        |
| EBITDA                 | 30,534           | 30,112           | 1.4           |
| Revenue / TTV          | 20.3%            | 19.8%            | 0.5ppt        |
| Gross profit / Revenue | 45.5%            | 47.3%            | (1.8ppt)      |
| Opex / Revenue         | 12.0%            | 14.3%            | (2.3ppt)      |
| EBITDA / Revenue       | 33.4%            | 33.1%            | 0.3ppt        |

TTV decreased 2.5% mainly due to lower customer activity as a result of lower large jackpot activity compared to the pcg. Despite only one large jackpot ≥\$15 million below the pcg, the profile of these jackpots varied considerably. Notably FY2023 included only five Powerball jackpots ≥\$50 million, compared to 13 in the pcg. Revenue increased 0.2%, reflecting the lower TTV offset by a higher revenue margin, due to product mix and pricing changes (effective May 2023). Gross profit was impacted by the 'step up' in the TLC service fee from 2.5% to 3.5% of the subscription ticket costs. EBITDA increased 1.4% reflecting the above factors and lower marketing spend which was impacted by the profile of jackpots. Marketing costs were equivalent to 1.3% of TTV in FY2023 (FY2022: 1.7%). After marketing costs, the single largest expense relates to employee costs of \$3,003,000 (FY2022: \$2,937,000) in respect of 22 staff (FY2022: 20) employed in the segment, of which the majority include operations and customer support staff.

| Underlying TTV | FY2023<br>\$'000 | FY2023<br>% | FY2022<br>\$'000 | FY2022<br>% | Variance<br>% |
|----------------|------------------|-------------|------------------|-------------|---------------|
| Lotteries      | 441,606          | 98.3        | 452,125          | 98.1        | (2.3)         |
| Charities      | 7,479            | 1.7         | 8,512            | 1.9         | (12.1)        |
| Total TTV      | 449,085          | 100.0       | 460,637          | 100.0       | (2.5)         |

TTV generated from charities reduced 12.1%, mainly due to the loss of the Surf Life Saving reseller agreement in October 2022.

The number of large jackpots is an important driver of TTV. The TTV trend over the last three financial year periods in the context of such jackpots in Australia is summarised as follows:

|                                      | FY2023        | FY2022        | FY2021        |
|--------------------------------------|---------------|---------------|---------------|
| TTV - Lottery Retailing              | \$449,085,000 | \$460,637,000 | \$365,444,000 |
| Reported Revenue - Lottery Retailing | \$91,287,000  | \$91,098,000  | \$75,083,000  |

|                                                               | FY2023          | FY2022          | FY2021          |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>OzLotto / Powerball Division 1 of \$15 million or more</b> |                 |                 |                 |
| Number of jackpots of \$15 million or more                    | 42              | 43              | 38              |
| Average Division 1 jackpot of \$15 million or more            | \$36,905,000    | \$40,698,000    | \$31,842,000    |
| Peak Division 1 jackpot during the full year period           | \$160,000,000   | \$120,000,000   | \$80,000,000    |
| Aggregate Division 1 jackpots during the full year period     | \$1,550,000,000 | \$1,750,000,000 | \$1,210,000,000 |

The Group invests extensively in online marketing to grow and activate the customer database that transacts via its website (www.ozlotteries.com) and associated mobile apps (iOS & Android). In FY2023 \$5,360,000 was invested in marketing activities during the period primarily to acquire new and engage existing customers (FY2022: \$7,257,000). These costs were fully expensed through the profit and loss.

The following key performance indicators (KPIs) are used to track the effectiveness of online marketing campaigns:

1. CPL: Cost per Lead (new online accounts) is defined as the total cost to acquire these new accounts divided by the number of new accounts in a given period. New accounts may potentially become active customers after the account has been established.
2. Number of Active Online Customers is defined as customers who have spent money on tickets in a given period.
3. Average spend per active online customer is defined as the total spent by active online customers divided by the number of active online customers in a given period.

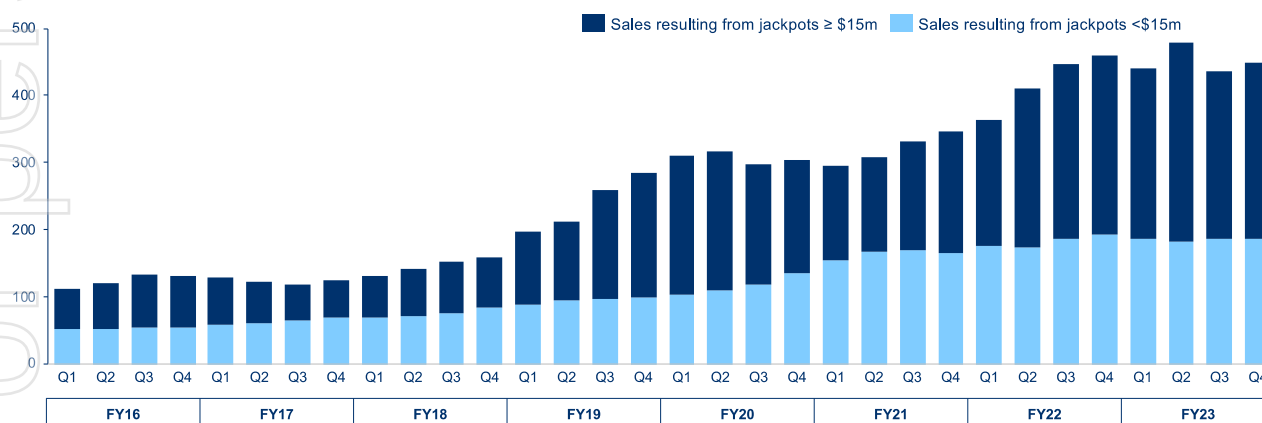
The following table summarises the Marketing KPIs:

| Customer activity                                 | FY2023   | FY2022   |
|---------------------------------------------------|----------|----------|
| Number of new online accounts                     | 300,194  | 395,916  |
| Cost per lead (CPL)                               | \$17.86  | \$18.33  |
| Number of active online customers / players       | 914,215  | 918,832  |
| Average spend per active online customer / player | \$467.12 | \$475.13 |

The underlying business continues to perform well as evidenced by the profile of sales over time. The sales resulting from jackpots ≤\$15 million demonstrate the resilience of the business over time while the sales resulting from jackpots ≥\$15 million show the boost from large jackpots.

Moving Annual Total (MAT):

**Oz Lotteries Moving Annual Total (MAT)<sup>1</sup> TTV – by Fiscal Quarter**



<sup>1</sup> Excludes contribution from Western Australia customers transitioned to SaaS (effective 21 December 2020)

## 26.2 Software-as-a-Service (SaaS)

Jumbo's SaaS segment licences the Jumbo lottery software platform, Powered by Jumbo (PBJ) to several customers, including to ozlotteries.com, and develops, improves and maintains the Jumbo proprietary platform.

Software licence fees range between ~3.0% and ~9.5% of ticket sales (TTV) that are processed through the PBJ platform.

An intersegment fee of 7.5% is charged to the Lottery Retailing segment (ozlotteries.com customer) as (i) PBJ has been developed for this internal customer over many years at a significant investment compared to other customers who receive an adapted

version of PBJ at a lower development cost and (ii) the internal customer has a significantly higher usage of other services such as data analytics. The level of this fee falls within the arm's length upper/lower interquartile range based on international benchmarking undertaken by an independent third party in October 2021.

|                        | FY2023<br>\$'000 | FY2022 <sup>1</sup><br>\$'000 | Variance<br>% |
|------------------------|------------------|-------------------------------|---------------|
| TTV – third party      | 196,035          | 167,465                       | 17.1          |
| Revenue                | 42,393           | 42,708                        | -0.7          |
| – external             | 8,710            | 8,318                         | 4.7           |
| – internal             | 33,683           | 34,390                        | -2.1          |
| Gross profit           | 41,962           | 42,391                        | -1.0          |
| Operating expenses     | (14,271)         | (13,447)                      | 6.1           |
| EBITDA                 | 27,691           | 28,944                        | -4.3          |
| External revenue / TTV | 4.4%             | 5.0%                          | (0.6ppt)      |
| Gross profit / Revenue | 99.0%            | 99.3%                         | (0.3ppt)      |
| Opex / Revenue         | 33.7%            | 31.5%                         | 2.2ppt        |
| EBITDA / Revenue       | 65.3%            | 67.8%                         | (2.5ppt)      |

<sup>1</sup> Includes Intellitron which was sold on 30 June 2022 and contributed \$767,000 TTV, \$767,000 Revenue and \$538,000 EBITDA.

Excluding the impact of Intellitron Pty Ltd, external TTV through the PBJ platform increased 17.6%. Total revenue declined 0.7% reflecting higher external revenue from clients more than offset by a lower internal service fee from Lottery Retailing (due to a contraction in TTV).

Employee benefits is the single largest expense at \$9,894,000 (FY2022: \$9,427,000) with 83 staff (FY2022: 72) in this segment mainly reflecting software engineers and an allocation of indirect staff expenses.

The contraction in EBITDA margin to 65.3% (FY2022: 67.8%) was impacted by the lower intersegment fee from Lottery Retailing and higher operating expenses.

## 26.3 Managed Services

The Group's Managed Services segment provides lottery management services including prize procurement, lottery game design, campaign marketing, and customer relationship and draw management. These services are provided in addition to the proprietary-owned lottery software platforms to licensed charities in Australia, Canada and the UK. The segment operates as Gatherwell Ltd (**Gatherwell**) and StarVale Group of companies (**StarVale**) as External Lottery Managers (**ELM**) in the UK, Stride Management Corp. (**Stride**) as an ELM for charity lotteries in Canada, and Jumbo Fundraising (**JF**) in Australia.

|                        | FY2023 <sup>2</sup><br>\$'000 | FY2022 <sup>1</sup><br>\$'000 | Variance<br>% |
|------------------------|-------------------------------|-------------------------------|---------------|
| TTV                    | 206,813                       | 31,822                        | >100          |
| Revenue                | 18,715                        | 4,835                         | >100          |
| Gross profit           | 17,301                        | 4,291                         | >100          |
| Operating expenses     | (11,109)                      | (3,447)                       | >100          |
| EBITDA <sup>3</sup>    | 6,244                         | 844                           | >100          |
| Revenue / TTV          | 9.0%                          | 15.2%                         | (6.2ppt)      |
| Gross profit / Revenue | 92.4%                         | 88.8%                         | 3.6ppt        |
| Opex / Revenue         | 59.4%                         | 71.3%                         | (11.9ppt)     |
| EBITDA / Revenue       | 33.4%                         | 17.5%                         | 15.9ppt       |

<sup>1</sup> Includes a 1-month contribution for Stride which was acquired 1 June 2022.

<sup>2</sup> Includes an 8-month contribution for StarVale which was acquired 1 November 2022.

<sup>3</sup> FY23 EBITDA includes \$52k of other income in Stride.

### Gatherwell

The Gatherwell business in the UK operates as an External Lottery Manager (ELM) with 16 staff (FY2022: 19) and provides lottery manager services to ~350 brands (charities) (FY2022: 190) supporting 14,000 good causes (FY2022: 11,947). It also provides some support functions (mainly customer support) for the SaaS segment in the UK. Following a soft start to the year as a result of the delayed onboarding of clients, we have refined the operating model to improve accountabilities and accelerate conversion of the pipeline. These actions continue to gain traction with sales returning to growth in the fourth quarter of FY2023.



|         | FY2023<br>\$'000 | FY2022<br>\$'000s | Variance<br>% |
|---------|------------------|-------------------|---------------|
| TTV     | 20,591           | 22,044            | (6.6)         |
| Revenue | 3,626            | 4,069             | (10.9)        |
| EBITDA  | 561              | 1,156             | (51.5)        |

## Stride

Stride was acquired 1 June 2022 and accordingly there is only one month of financial results in the pcg. The Stride business in Canada operates as an ELM with 25 full-time staff (with an additional ~50 to 75 rostered casual call centre staff as required) and provides services, including lottery operations, ticket fulfilment and marketing, to charity lotteries in Alberta and Saskatchewan. Stride expanded into British Columbia with its first customer, lakelifelottery.ca, in August 2022 and has plans to expand into Ontario, the largest province/territory in Canada, subject to receiving the required regulatory approvals.

|                     | FY2023<br>\$'000 | FY2022 <sup>1</sup><br>\$'000s | Variance<br>% |
|---------------------|------------------|--------------------------------|---------------|
| TTV                 | 102,278          | 9,068                          | >100          |
| Revenue             | 8,072            | 618                            | >100          |
| EBITDA <sup>2</sup> | 2,893            | 80                             | >100          |

<sup>1</sup> Includes a 1-month contribution for Stride which was acquired 1 June 2022.

<sup>2</sup> FY23 EBITDA includes \$52k of other income in Stride.

## StarVale

StarVale was acquired 1 November 2022 yielding only eight months of financial results in FY2023 and none in the pcg. StarVale operates in the UK as an ELM with 73 staff and provides lottery manager services and payments services to ~45 medium to large charities.

|         | FY2023 <sup>1</sup><br>\$'000 | FY2022<br>\$'000s | Variance<br>% |
|---------|-------------------------------|-------------------|---------------|
| TTV     | 83,187                        | -                 | -             |
| Revenue | 6,917                         | -                 | -             |
| EBITDA  | 2,844                         | -                 | -             |

<sup>1</sup> Includes an 8-month contribution for StarVale which was acquired 1 November 2022.

## Jumbo Fundraising

JF provides a comprehensive lottery management service that includes payment processing, draw management, permit applications and player support. These services are provided to licensed charities that are looking to establish a lottery program or enhance an existing program. The services are provided in addition to the PBJ lottery software platform provided by the SaaS segment to form a complete 'lottery-in-a-box' service to charities of all sizes. Sales are further marketed through the ozlotteries.com website in the Lottery Retailing segment.

JF contributed TTV of \$757,000 (FY2022: \$710,000), Revenue of \$100,000 (FY2022: \$148,000) and EBITDA of \$(54,000) (FY2022: \$(392,000)). As part of our FY23 planning process and ongoing cost discipline, management decided to reduce its focus on JF in the short term and prioritise the integration of its overseas acquisitions.

## 26.4 Reconciling items

Other reconciling items are corporate expenses including costs in respect of the Directors, CEO, CFO, corporate advertising, promotion and marketing, corporate investment costs and finance, tax, audit, risk, governance, and strategic project costs.

|                    | FY2023<br>\$'000 | FY2022<br>\$'000 | Variance<br>% |
|--------------------|------------------|------------------|---------------|
| Operating expenses | (6,594)          | (6,850)          | (3.7)         |

Operating expenses were modestly lower on the pcg mainly due to lower consulting and legal costs partially offset by an increase in the fair value movement in liabilities for the Stride and StarVale earnouts.

## 26.5 Reconciliation of statutory EBITDA

|                                       | FY2023<br>\$'000 | FY2022<br>\$'000 |
|---------------------------------------|------------------|------------------|
| Lottery Retailing EBITDA              | 30,534           | 30,112           |
| SaaS EBITDA                           | 27,691           | 28,944           |
| Managed Services EBITDA               | 6,192            | 844              |
| Reconciling items                     | (6,594)          | (6,850)          |
| Other revenue – Group – see Note 1(b) | 323              | 995              |
| Group EBITDA                          | 58,146           | 54,045           |

## 27. Financial position

The net assets of the Group have increased by \$7,006,000 from 30 June 2022 to \$99,989,000. The Group's working capital, being current assets less current liabilities, has decreased from \$20,092,000 in 2022 to \$26,131,000 in 2023 mainly as a result of the repayment of the \$15m debt drawn to fund the StarVale acquisition. Non-current assets increased by \$29,954,000 to \$86,146,000 due mainly to (i) an increase in intangible assets with the acquisition of Stride and (ii) the investment in the software platform.

The Directors believe the Group is in a sound financial position to expand and grow its current operations.

Significant changes in the state of affairs of the Group for the financial year were as follows:

|                                                                                                                |                                |
|----------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Decrease in cash of \$15,519,000 resulting from:</b>                                                        | <b>30 June 2023<br/>\$'000</b> |
| – Cash provided by operating activities                                                                        | <b>54,631</b>                  |
| – Cash used in investing activities—mainly acquisition of StarVale and website development costs (intangibles) | (40,093)                       |
| – Cash raised from the issue of shares                                                                         | 1,050                          |
| – Payment of lease liabilities in financing activities                                                         | (1,074)                        |
| – Payments for share buy-back                                                                                  | (2,633)                        |
| – Dividends paid                                                                                               | (27,400)                       |
| See Statement of Cash Flow for details                                                                         | <b>(15,519)</b>                |
| <b>Increase in non-current assets of \$29,954,000 resulting largely from:</b>                                  | <b>\$'000</b>                  |
| – Investment in website development costs net of amortisation                                                  | 822                            |
| – Goodwill                                                                                                     | 15,749                         |
| – Customer contracts and relationships net of amortisation                                                     | 14,031                         |
| – Software net of amortisation                                                                                 | 512                            |
| – Changes in other non-current assets – see Statement of Financial Position                                    | (1,160)                        |
|                                                                                                                | <b>29,954</b>                  |
| <b>Increase in non-current liabilities of \$2,856,000 resulting from:</b>                                      | <b>\$'000</b>                  |
| – Deferred tax liabilities                                                                                     | 4,156                          |
| – Changes in other non-current liabilities – see Statement of Financial Position                               | (1,300)                        |
|                                                                                                                | <b>2,856</b>                   |

# Remuneration Report

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## Remuneration Report for FY2023

The Directors present the Jumbo Interactive Limited Remuneration Report for Key Management Personnel (**KMP**) for the year ended 30 June 2023. This report outlines key aspects of our remuneration policy and framework adopted in FY2023, remuneration awarded this financial year, and demonstrates the strong alignment between executive remuneration practices and the Group's performance outcomes.

This report forms part of the Directors' Report and sets out the remuneration arrangements of the Group for the year ended 30 June 2023 and is prepared in accordance with Section 300A of the Corporations Act 2001. The information has been audited as required by Section 308(3C) of the Corporations Act 2001.

## Who is covered by this report

This report outlines the remuneration arrangements in place for KMP of the Group in FY2023, which comprises all Non-Executive Directors and Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

The Non-Executive Directors and Executives that were the KMP of the Group during the financial year are identified as follows:

| KMP                            | Position                                                  | Term as KMP              |
|--------------------------------|-----------------------------------------------------------|--------------------------|
| <b>Non-Executive Directors</b> |                                                           |                          |
| Susan Forrester                | Non-Executive Director and<br>Chair of Board of Directors | Full year                |
| Sharon Christensen             | Non-Executive Director                                    | Full year                |
| Giovanni Rizzo                 | Non-Executive Director                                    | Full year                |
| <b>Executive KMP</b>           |                                                           |                          |
| Mike Veverka                   | Chief Executive Officer<br>and Executive Director         | Full year                |
| Xavier Bergade                 | Chief Technology Officer                                  | Full year                |
| Brad Board                     | Chief Operating Officer                                   | Full year                |
| Abby Perry                     | Chief People Officer                                      | Effective 26 August 2022 |
| David Todd                     | Chief Financial Officer                                   | Full year                |

# Message from the Chair of the People and Culture Committee

Dear Shareholders,

On behalf of the People and Culture Committee (PCC), I am pleased to present the Group's Remuneration Report for the 2023 financial year. This report provides a comprehensive overview of our Remuneration Framework and its alignment with our business strategy.

## Welcome to StarVale and Stride

We are delighted to welcome our StarVale and Stride employees to the Group. Over the past 12 months we have worked closely with our international teams to synchronise business cultures and strategic objectives, and to align our systems and processes. In March 2023, our Corporate Strategy including Mission, Vision and Values were rolled out through a series of department and business-led Strategy Days. Our new global onboarding program aims to create a greater sense of belonging and inclusion and reinforces the key role each individual plays in the delivery of our Corporate Strategy. Regular Group-wide events such as Employee Appreciation Day, International Women's Day and other cultural celebrations have helped build connections across time zones and bring our people along the broader Group journey. Work continues on integrating our core communication platforms, policies and procedures across the Group, which is expected to be completed by Q2 FY24.

## Culture

We have long been proud of our vibrant workplace culture. Our unique, modern technology culture is underpinned by our Core Values and is a cornerstone to achieving our Corporate Strategy. Building on our unique and strong culture, the Group was recognised globally as a Great Place to Work with 90% employee consensus. This certification not only signals our strong workplace culture and the positive regard our people have towards us as an employer, but it also enables us to continue to attract top talent and strengthen our overall employer brand. We obtained this certificate while at the same time transitioning from a remote-first company to a hybrid work model with our teams attending core office days each week. Through increased office presence our ability to communicate, collaborate and operate cross-functionally is greatly enhanced, leading to improved productivity and engagement, while continuing to foster a work environment where our employees can thrive and perform at their best. As part of our ongoing efforts to foster a positive work culture and motivate our workforce, our annual Jumbo Awards were launched in 2022. The Awards are linked to our Core Values, by recognising employees who live and display desired behaviours aligned with our values. This recognition program has become an integral part of our Employee Value Proposition, contributing to a positive work environment and driving organisational success.

## Talent attraction and development

With the demand for digital skills exceeding supply, we have focused heavily on two areas: shaping a compelling Employee Value Proposition and investing in our employees' development. Our Group Employee Value Proposition was informed by a global research project. Core to our strategy was ensuring communication touch points across all platforms whether internal or external, were consistent, complimentary, and integrated. Our goal is to attract quality talent by appealing to their ambition and desire to work for a rapidly growing organisation who offers career opportunities that are more than just a job. Investing in our employees' development not only benefits them individually, but also leads to improved performance and greater innovation for Jumbo. To provide our talent with interesting opportunities to learn and grow, we have established a Jumbo University. Jumbo University is intended to support our employees' professional growth by empowering them to expand their skill sets and is supported by a best in market learning experience platform. The program supports a scalable approach to learning and development, focusing on core transferable business skills such as project management, leadership, data, customer service, coaching and more.

## Diversity, Equity, Inclusion and Belonging

Since the release of our Diversity, Equity & Inclusion Commitment in September 2021, we have undertaken an extensive review of best practice and market research as well as consulted with our team and members of our Senior Leadership Group. Jumbo has taken steps to enhance our Diversity, Equity, Inclusion and Belonging (DEIB) Commitment through a targeted action plan. Our DEIB pillars focus on accountability, equitable access, education and community. Our company policies and programs are designed to promote fairness, equality and inclusion in the workplace and voluntary data collection points enable us to gather DEIB data on recruitment and workforce, which is used to inform decisions and track progress against goals. Pleasingly, representation of women in leadership roles rose by 8% to 28% in FY23, and we have maintained our FY22 levels of 50% representation at Board level and 44% at Group level.



### FY23 Performance Outcomes

The financial component (50%) of the FY23 short-term incentive scorecard requires achievement of underlying net profit after tax growth, subject to a sliding scale. An unfavourable run of jackpots in FY23 contributed to lower than anticipated revenue resulting in the minimum NPAT threshold (6% increase) not being met and 0% of the financial component of the short-term incentive scorecard being achieved.

The operational component (50%) of the FY23 short-term incentive scorecard reflects a number of metrics focused on sustainability, players, employees and an individual performance rating. Additionally, the operational component included a Return on Invested Capital (ROIC) hurdle, expansion of the Lotterywest agreement and an underlying NPAT measure based on the Group business plan. The latter is designed as a 'gate' to the other operational metrics and reflects the minimum threshold management needs to achieve before the other operational metrics can be unlocked. This 'gate' enables the Board to apply its discretion and adjust the percentage awarded for these components. Based on FY23 performance, 81% of the operational component was achieved.

### Remuneration Framework

As part of a broader review of the Remuneration Framework at the end of FY22, the PCC also undertook a detailed Executive benchmarking exercise. Having regard to market data provided in the independent review, the benchmarking showed that the level of TFR for direct reports of the CEO was below market median, having not increased for the past two consecutive years at that time. In response, the PCC recommended an increase of TFR for the CEO's direct reports, which was deferred for 12 months due to ongoing cost discipline in a lower economic growth environment. The recommended increase of TFR will take effect from FY24, resulting in a modest increase in the Total Remuneration Opportunity (TRO) for the CFO, CTO and COO.

In August 2022, we welcomed Abby Perry to the KMP as Chief People Officer. A similar percentage increase in TFR for the CPO was recommended by the PCC with a staged increase of TFR over the remaining period of the current Remuneration Framework, aligned with benchmarking of similar positions at comparative companies. The TRO mix for the direct reports of the CEO will also change in FY24, with a higher weighting towards TFR, now 60% of TRO (previously 50%) with the remaining 40% split equally between the STI (20%) and LTI (20%) components. This compares to 25% for the STI and LTI components respectively in FY23.

### Conclusion

FY23 has been a period of significant growth in the Jumbo Group with further expansion of the business into Canada and the UK. I would like to acknowledge the hard work and dedication of the staff and senior leaders who have enabled a successful integration of StarVale and Stride, establishing a diverse, high performing culture supporting our employees to thrive and setting them up to successfully execute Jumbo's Corporate Strategy into FY24. Finally, I would like to acknowledge the immense contribution of David Todd, Chief Financial Officer (CFO), who advised the Board of his intention to resign due to unforeseen personal health reasons. A comprehensive recruitment process is currently underway, considering both internal and external candidates. We expect to announce the new CFO in the second quarter of FY2024. David will remain employed by Jumbo in an advisory capacity for as long as required to ensure a smooth transition to the new CFO. Together with other members of the Board, management team and all our staff across Australia, Canada and the UK, I wish him and his family the very best for the future.



**Sharon A Christensen**

Chair of People and Culture Committee

## 28. Remuneration governance

The Remuneration Framework is managed by the People and Culture Committee (**PCC**) on behalf of the Board. The PCC oversees the remuneration and governance framework to ensure remuneration practices are aligned with strategic objectives consistent with remuneration principles and shareholder expectations.

### 28.1 Board of Jumbo Interactive Limited

The Board is chaired by Susan Forrester. The Board established the PCC, which recommends to the Board a fair and responsible company-wide remuneration policy that promotes the creation of value in a sustainable manner.

### 28.2 People and Culture Committee

The PCC consists of three Non-Executive Directors and is chaired by Sharon Christensen. In addition to the Committee members, Committee meetings are also attended by the CEO, CFO, CPO, the Company Secretary and Corporate Affairs Counsel to the CEO, on an invitation only basis.

The objectives of the Committee are to assist the Board in discharging its corporate governance responsibilities to exercise due care and diligence in relation to:

- Making recommendations to the Board on the setting and evaluation of key performance areas for Directors and Senior Executives;
- Making recommendations to the Board on the setting of succession plans for Directors and Senior Executives;
- Making recommendations to the Board on the appointment of Directors and Senior Executives;
- Making recommendations to the Board on Director, Senior Executive and Senior Leadership Group remuneration, in line with Jumbo's Remuneration Framework;
- Ensuring Jumbo's Remuneration Framework drives appropriate behaviours, reflective of Jumbo's Core Values; and
- Oversight of the People & Culture policies and strategies, including succession planning, workplace culture and employee engagement.

For further details of the composition and responsibilities of the PCC (including a copy of the Committee's Charter), please refer to the Corporate Governance section on our website (<https://www.jumbointeractive.com/wp-content/uploads/2023/03/People-Culture-Committee-Charter.pdf>).

### 28.3 Remuneration benchmarking

Executive remuneration is set with reference to the executive's knowledge, experience and skills, the magnitude of the responsibilities and complexities associated with the role and peer benchmarks. The peer group are comparable companies within the ASX300. Periodically, the peer group is reviewed and updated, in conjunction with an independent remuneration consultant. The PCC, with advice from an independent, external consultant, conducts a comparative analysis of the executive compensation against reported roles within that identified peer group.

### 28.4 External and independent advice

The PCC engages with independent remuneration advisor, Crichton + Associates, on a regular basis to provide information about market dynamics, trends and regulatory changes impacting Jumbo. The PCC considers this information and advice together with market insights as part of the determination of appropriate recommendations for remuneration each year.

The total cost relating to external and independent advice from Crichton + Associates was \$18,993.

The Board is satisfied that no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided by Crichton + Associates or any other external remuneration advisors during FY2023.

## 28.5 Executive KMP Service Agreements

The employment conditions of non-executive Directors are formalised by letters of appointment. Executive KMP employment conditions are formalised in contracts of employment and have no fixed term. The employment contracts stipulate a range of terms and conditions. These contracts do not fix the amount of remuneration increases from year to year, with remuneration levels reviewed generally each year by the PCC.

| Executive KMP           | Notice period <sup>1</sup> | Restraint of trade |
|-------------------------|----------------------------|--------------------|
| Mike Veverka            | 12 months                  | 2 years            |
| David Todd              | 6 months                   | 2 years            |
| Xavier Bergade          | 6 months                   | 2 years            |
| Brad Board              | 6 months                   | 2 years            |
| Abby Perry <sup>2</sup> | 6 months                   | 2 years            |

<sup>1</sup> Any termination payment (notice and severance) will be subject to compliance with all relevant legislation and will not exceed 12 months of fixed remuneration

<sup>2</sup> included in KMP from 26 August 2022

## 28.6 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Related party transactions are outlined in the table below.

|                                                                                                                                                         | Consolidated Group |            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------|
|                                                                                                                                                         | 2023<br>\$         | 2022<br>\$ |
| i. Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive Director of the Company, rented an office from the Group.                        |                    |            |
| – office rent received                                                                                                                                  | 11,467             | 12,706     |
| – amounts owing to Group at year end                                                                                                                    | 1,165              | 1,165      |
| ii. Mrs Julie Rosch, the mother of Mr Mike Veverka, the CEO and Executive Director of the Company, is engaged as a full-time employee within the Group. |                    |            |
| – Salary and superannuation                                                                                                                             | 92,954             | 86,900     |

## 29. Remuneration Framework

The current Remuneration Framework operates over a three-year cycle, commencing from 1 July 2022 and concluding 30 June 2025. The PCC aims to ensure that the Group's remuneration practices are fair, reasonable, aligned with best practice and consistent with the Group's remuneration principles and framework.

The PCC's objective in remuneration is to support the delivery of business outcomes that grow shareholder value while continuing to explore value accretive business opportunities both domestically and internationally that will successfully diversify our revenue stream, and to ensure that we can attract and retain Executives who can execute on this strategy.

Jumbo has adopted a strategic approach to our remuneration framework to drive alignment with Group strategic objectives and aspirations, and to promote a high-performance culture.

## Strategic imperatives



To create positive social impact through making lotteries easier

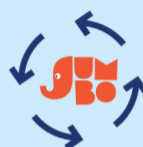


To be the number one choice in digital lottery and services



### Maximise

Potential of our existing businesses and proposition portfolio



### Replicate

Best practice operations and build for global scale



### Diversify

Portfolio to unlock incremental Total Addressable Market (TAM) opportunities

## Remuneration principles



To attract, motivate and retain competent executives across Jumbo Interactive's business



The creation of reward differentiation to drive performance values and behaviours



An appropriate balance between 'fixed' and 'at risk' components



Shareholder value creation through equity incentives that meet contemporary design standards



## Framework overview

The Remuneration Framework is designed to support the Group's strategic priorities by aligning Jumbo's short- and long-term objectives with shareholder and business objectives. This is achieved through a combination of fixed remuneration and short and long-term incentives aligned to Group strategy and based on key performance areas affecting the Group's financial results and company values. This framework overview details how the Remuneration Framework is applied to Executive KMP.

| Component                                                                                                                                 | Alignment to Performance                                                                                                                                                                                                                                                                                                    | Alignment to Strategy                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Total Remuneration Opportunity (TRO)</b><br>Comprising Total Fixed Remuneration, Short-Term Incentive and Long-Term Incentive.         | <ul style="list-style-type: none"> <li>Positioned between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the relevant benchmark comparisons</li> </ul>                                                                                                                                                               | Set to reward fairly, attract, motivate and retain the best people to achieve the delivery of strategic objectives.                                                                                                                                       |
| <b>Total Fixed Remuneration (TFR)</b><br>Comprising base salary, and statutory superannuation.                                            | <ul style="list-style-type: none"> <li>Considered in the context of the total remuneration package payable to an Executive to ensure that the entire remuneration package is fair and competitive.</li> <li>Reviewed annually with remuneration changes effective from 1 July.</li> </ul>                                   | Set with reference to the Executive's knowledge, experience and skills, the magnitude of the responsibilities and complexities associated with the role. Aims to ensure that remuneration is competitive and aligned with relevant benchmark comparisons. |
| <b>Short-Term Incentive (STI) Plan</b><br>At risk component set as a percentage of TRO granted in a mix of cash and performance rights.   | <ul style="list-style-type: none"> <li>Performance targets comprising of:               <ul style="list-style-type: none"> <li>Financial objectives (50%)</li> <li>Operational objectives (50%)</li> </ul> </li> <li>Awarded as 50% Cash and 50% Equity deferred in performance rights for two years.</li> </ul>            | Performance incentive is directed to achieving Board approved targets, reflective of market circumstances.                                                                                                                                                |
| <b>Long-Term Incentive (LTI) Plan</b><br>At risk component set as a percentage of TRO granted in the form of performance rights annually. | <ul style="list-style-type: none"> <li>Performance targets are set annually and comprise of:               <ul style="list-style-type: none"> <li>Total Shareholder Returns (60%)</li> <li>Earnings Per Share (40%)</li> </ul> </li> <li>Awarded as 100% Equity. Equity is held for three years from grant date.</li> </ul> | Executive rewards linked to shareholder value accretion by providing appropriate equity incentives.                                                                                                                                                       |
| <b>Minimum Shareholding Requirement (MSR)</b>                                                                                             | <ul style="list-style-type: none"> <li>Shareholding requirement to the value of 100% of TRO.</li> <li>MSR to be achieved within a five-year period from the later of 1 July 2021 or the commencement of appointment.</li> </ul>                                                                                             | To bolster sustainable long-term growth, performance and executive retention.                                                                                                                                                                             |

## Executive remuneration

Reviewed annually and operating over a three-year cycle, the current Remuneration Framework commenced on 1 July 2022 and will conclude on 30 June 2025. Our approach has been informed by factors including an independent review by an external remuneration consultant, proxy advisor and shareholder feedback, and our desire to pursue sustainable long-term growth for the Group and our shareholders.

The PCC completed a review of the Remuneration Framework in FY22 through independent remuneration advisor, Crichton + Associates. The starting point for the review of Executive remuneration was to identify a peer group of companies against which Jumbo could be benchmarked for the purpose of setting an applicable level of Total Remuneration Opportunity (TRO) for Executives going forward. The TRO for each Executive is intended to be positioned at the 3rd quartile, that is between the median and 75th percentile of Executive remuneration of the comparator benchmark group. TRO above the 75th percentile may be accessed if Jumbo outperforms.

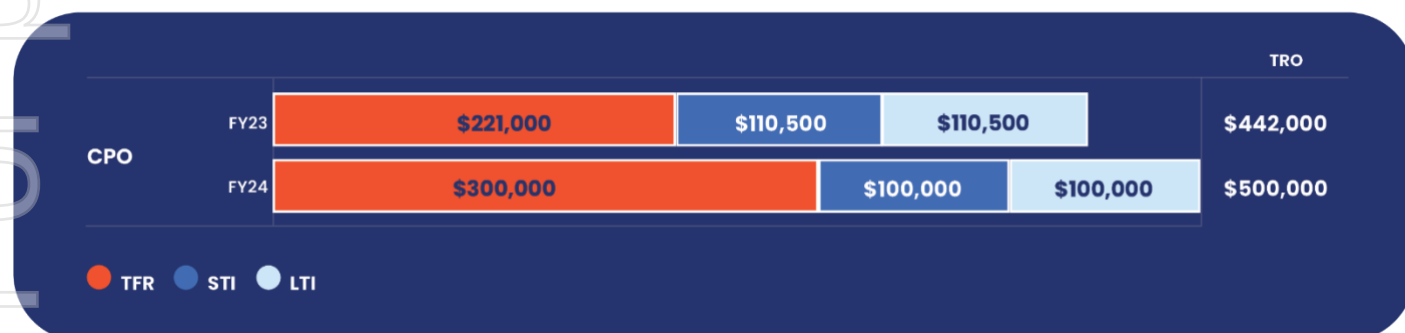
The comparator companies used for the purposes of the benchmark assessment of Executive remuneration were determined based on Market Capitalisation (MCAP). The Comparator Group – MCAP ASX consists of ASX listed companies with a market capitalisation narrowly ranged in relation to Jumbo, with a slight upward emphasis given the growth aspirations of the business. Jumbo (MCAP) was positioned at about the median of this group at the time of benchmarking.

In FY23, enhancements to the Remuneration Framework were implemented. A notable change resulting from the review involved the Long-Term Incentive (LTI) component of remuneration. Under the new framework equity grants will be awarded annually, contingent on the achievement of performance hurdles. Performance will be tested on the vesting date and the equity is at risk until vesting. All equity is held subject to service and performance for three years from grant date.

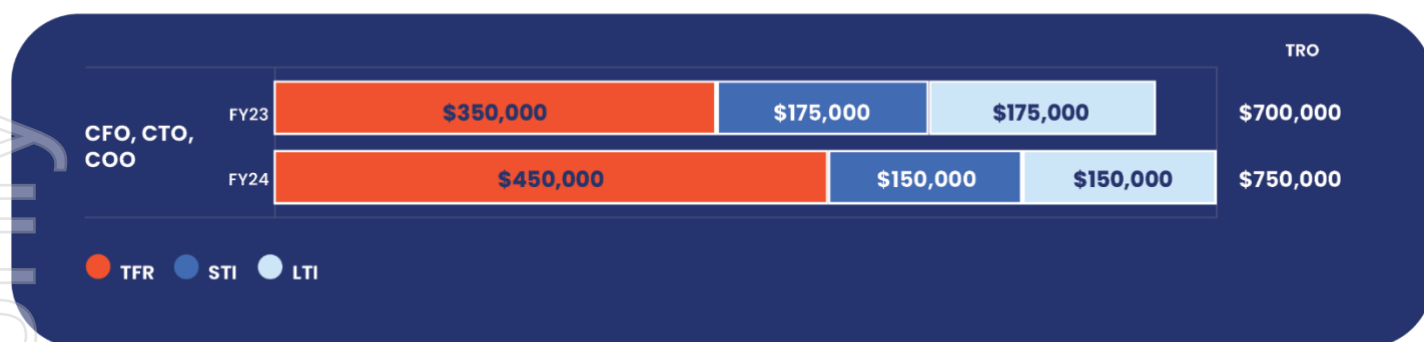
The move to an annual grant allocation achieves a more dynamic and flexible form of long term incentivisation. A second performance condition of earnings per share was also introduced. The long-term incentive is intended to reward Executive KMP for sustainable long-term growth aligned with shareholders' interests. The allocation values are intended to be positioned between the 3rd quartile of the relevant benchmark comparisons.

Total Fixed Remuneration (TFR) for Executive KMP will generally be positioned between the median and 62.5th percentile of relevant comparable ASX listed companies assessed from time to time, as well as subject matter expertise and performance in the role. The review showed that the level of TFR for direct reports of the CEO were below market median, having not increased for the past two consecutive years at the time of the review. In response, the PCC recommended an increase of TFR for the CFO, CTO and COO, but due to market conditions the increase was deferred for 12 months to FY24. The PCC recommended that the CEO's TFR and TRO remain unchanged for FY24. This recommendation was approved by the Board.

In August 2022, Abby Perry joined the Executive KMP as Chief People Officer. The PCC recommended, and the Board approved, a similar percentage increase in TFR for the CPO for FY24. A staged increase of TFR for the CPO was recommended over the remaining period of the current Remuneration Framework, to position the TFR between the median and 62.5<sup>th</sup> percentile of the comparator benchmark group.



The TRO for the CFO, CTO and COO has increased modestly in FY24 but remains below the PCC's targeted range. The TRO for the CPO is also below the targeted range and a stepped process to align the CPO within the target range has been agreed by the PCC and Board, to be implemented over a two-year period. The TRO mix for these Executives has also changed, with a higher weighting towards TFR, now 60% of TRO (previously 50%) with the remaining 40% split equally between the STI (20%) and LTI (20%) components. The new TRO mix for direct reports of the CEO seeks to balance the need for ongoing cost discipline in a low economic growth environment while ensuring Executives remain competitively remunerated for the role they perform. The PCC will continue to annually review the TRO, including the proportion of the at-risk components (STI and LTI), to ensure they align with the targeted range. A further benchmarking review is likely at the end of FY25.



## FY24 Performance Metrics

The short and long-term incentive scorecard has been designed to ensure strong alignment between the strategic goals of the Group and Executive KMP remuneration.

| Short-term incentive (STI) |                     |                                                                                                                                                                                                              |           |
|----------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
|                            | Metric              | Target                                                                                                                                                                                                       | Weighting |
| <b>Financial (50%)</b>     | Underlying NPATA    | Incremental scale of a minimum 6% increase in NPATA (representing 10% of STI financial award) to 20% and above increase in NPATA (representing 100% of STI financial award)<br>(Gate for Non-Financial KPIs) | 100%      |
|                            | Growth              | SaaS Contract Renewal<br>Domestic Agreement (Reseller or SaaS)<br>Integration of Acquisitions<br>Earnings Accretive Acquisition of ELM or Similar Business                                                   | 40%       |
| <b>Non-Financial (50%)</b> | Sustainability      | Gender Diversity<br>Women in Leadership<br>Net Zero<br>Sustainability Benchmarking                                                                                                                           | 20%       |
|                            | Customer            | Increase of Active Players                                                                                                                                                                                   | 20%       |
|                            | Employee            | Employee Engagement Index<br>Voluntary Employee Attrition                                                                                                                                                    | 10%       |
|                            | Individual          | Performance Evaluation                                                                                                                                                                                       | 10%       |
|                            |                     |                                                                                                                                                                                                              |           |
| Long-Term Incentive (LTI)  |                     |                                                                                                                                                                                                              |           |
|                            | Metric              | Target                                                                                                                                                                                                       | Weighting |
|                            | JIN Shares/earnings | Relative TSR<br>(Comparator Group – ASX 300 Accumulated Index)<br>Underlying EPS Growth                                                                                                                      | 60%       |
|                            |                     |                                                                                                                                                                                                              | 40%       |

## Further details on key components

### Short-term incentive (STI)

- Performance against the STI scorecard is assessed by the PCC based on the Group's annual audited results and financial statements and other data provided to the Committee and a recommendation is provided to the Board.
- Deferred rights convert into shares after a 12-month qualifying service period, with sale of shares restricted for the lock-up period.
- Executives will have entitlement to dividends and voting rights during their 12-month lock-up period.

### Setting the annual STI pool

The PCC set an organisational total financial STI pool before the start of the financial year based on growth from the prior financial year. The financial STI pool is formed as follows:

- for every 1% of underlying NPAT growth between 6.0% to 10.0% underlying NPAT growth over the prior financial year, 0.5% of NPAT will be allocated to the STI pool
- for every 1% of underlying NPAT growth between 10.0% to 20.0% underlying NPAT growth over the prior financial year, 0.25% of NPAT will be allocated to the STI pool
- total organisational pool size will be capped at 5% of annual underlying NPAT

Each executive's share of the total STI pool created will be based on a calculation schedule of receiving between 0% to 100% of their maximum potential Financial STI opportunity depending on the level of underlying NPAT growth achieved between 6% to 20%. As an example, if the underlying NPAT growth for the financial year lands at 12%, then the executive will receive 60% of their maximum Financial STI potential.

### Board discretion

The Board retains absolute discretion in respect of STI awards and final vesting outcomes. As part of its overarching discretion, the Board may reduce final STI outcomes having regard to affordability considerations and the Group's financial performance over the period.

### Long-term incentive (LTI)

Rights are exercisable into shares three years after grant and achievement of the performance hurdles.

Equity grants will be awarded annually. Performance will be tested on the vesting date and the equity is at risk until vesting. All equity is held subject to service and performance for 3 years from grant date.

### Vesting conditions

Total Shareholder Return (60%)

- relative to the component companies within the Comparator Group share price measure based on the 20-trading day VWAP after release of the Financial Year end financial results (excluding the release date).
- The Comparator Group is the ASX 300 Accumulated Index (ASX: AXKOA) with no companies/sectors excluded.
- Vesting as follows:
  - <50th percentile Target – 0% vesting;
  - 50th percentile Target – 50% vesting;
  - >50th <75th percentiles between Target and Stretch – straight line vesting; and
  - >=75th percentile Stretch – 100% vesting.

Underlying Earnings per Share Growth (40%)

- Underlying Earnings Per Share Growth – 3-year compound annual growth rate over a 3-year performance period.
- Vesting as follows:
  - <6% Hurdle – 0% vesting;
  - >6% <8% between Hurdle and Target – straight line vesting;
  - 8% Target – 50% vesting;
  - >8% <12% between Target and Stretch – straight line vesting; and
  - >=12% Stretch – 100% vesting;

### Forfeiture and Termination

In the event of resignation or dismissal for cause or significant underperformance prior to payment of the STI, an Executive KMP is not eligible for any STI award.

If an Executive KMP had ceased employment on or after 1 April 2023 up to 30 June 2023 due to retirement, redundancy, permanent disability, or death, they may be eligible for a pro-rata STI award calculated up to the last day of their employment.

Rights will lapse if the vesting conditions are not met. Rights will be forfeited on cessation of employment unless the Board determines otherwise as a 'good leaver', e.g., retirement due to injury, disability, death or redundancy.

### Malus and Clawback

The PCC is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives detailed reports on the performance from management which are based on independently verifiable data such as financial measures, market share, signed agreements and data available from independent providers.

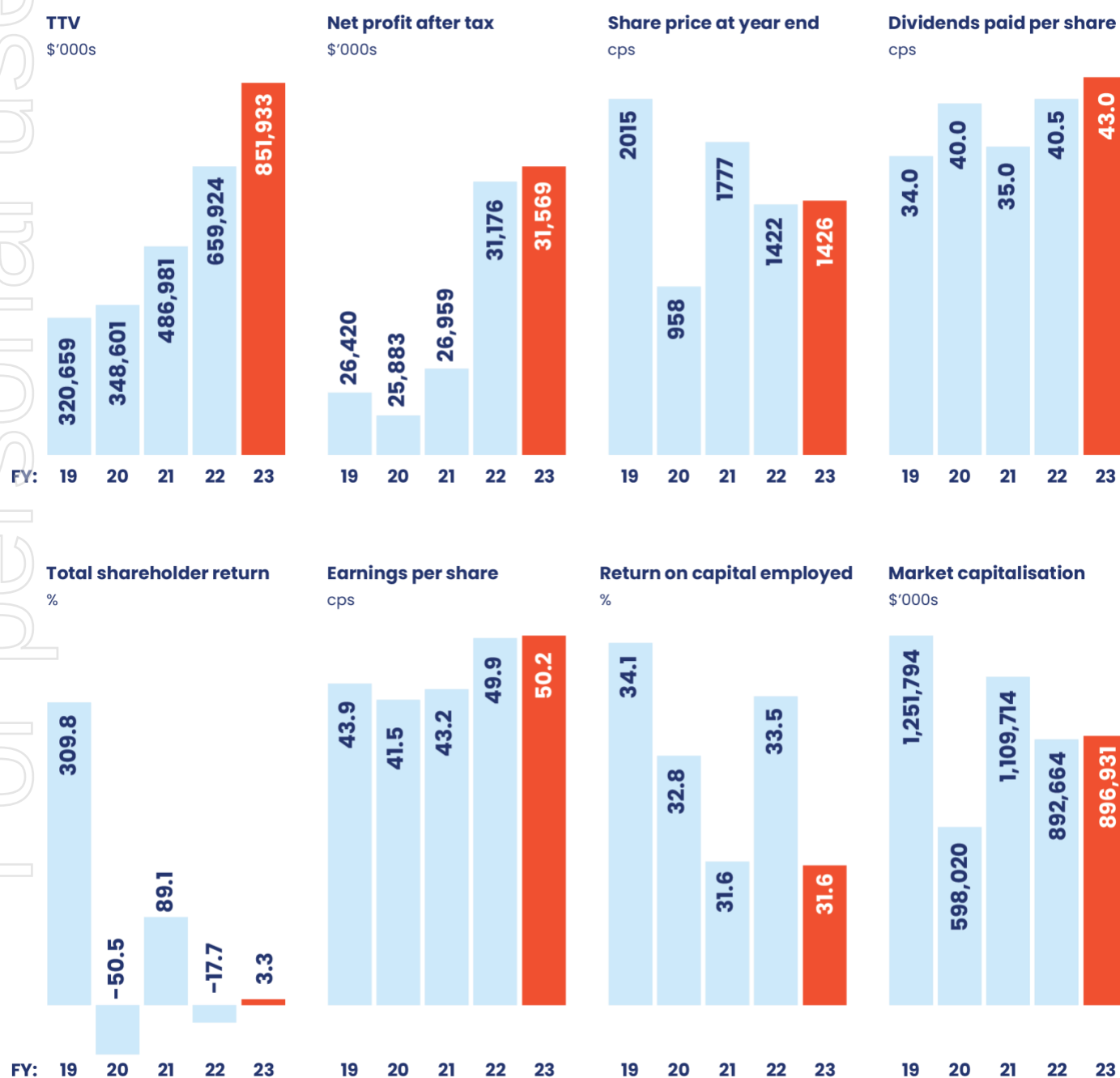
In the event of serious misconduct or a material misstatement in Jumbo's financial statements, the committee can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.



## 30. FY2023 Executive remuneration outcomes

### 30.1 Statutory key performance indicators of the Group over the last five years

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder value. The table below shows measures of the Group's financial performance over the past five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP (see 3.3 above). As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable component awarded.



## 30.2 Fixed Remuneration

The fixed remuneration of Executive KMP consists of cash salary and statutory superannuation contributions.

| 2023                    | Duration of service agreement | Fixed remuneration as at end of FY2023 <sup>1</sup> |
|-------------------------|-------------------------------|-----------------------------------------------------|
| Mike Veverka            | No fixed duration             | \$800,000                                           |
| David Todd              | No fixed duration             | \$350,000                                           |
| Xavier Bergade          | No fixed duration             | \$350,000                                           |
| Brad Board              | No fixed duration             | \$350,000                                           |
| Abby Perry <sup>2</sup> | No fixed duration             | \$221,000                                           |

<sup>1</sup> Fixed remuneration includes base salary plus superannuation at 10.5%

<sup>2</sup> included in KMP from 26 August 2022

For FY2024, the PCC determined an increase is to be made to the fixed remuneration for the Executive KMP. This increase is inclusive of statutory superannuation contributions that will increase to 11% from 1 July 2023.

## 30.3 Short-term incentive outcomes

The Group's performance in FY2023 was impacted by an unfavourable run of jackpots, resulting in a 2.8% increase in underlying NPAT growth. Underlying NPAT was also impacted by the amortisation of acquired intangible assets for Stride and StarVale. Excluding this impact, underlying Net Profit After Tax before the amortisation of acquired intangible assets increased 8.5%. A number of operational targets were achieved, supporting future growth and sustainability. Employee engagement was down 13% to 77% (90% in FY22), attributable to the transition to hybrid work and inclusion of acquired businesses undergoing integration. As a result of the performance, the Board awarded Executives 40.5% of their respective maximum short-term incentives. Half of this incentive is payable in cash with the remaining portion payable in the form of restricted rights with all related expenses accounted for in FY2023. The FY2023 performance against key measures and the impact on variable remuneration are outlined below.

|                            | Metric           | Target                                     | Weighting | Performance   | Achievement of Target |
|----------------------------|------------------|--------------------------------------------|-----------|---------------|-----------------------|
| <b>STI</b>                 |                  |                                            |           |               |                       |
| <b>Financial (50%)</b>     | Underlying NPAT  | 6% to 20% and above increase               | 100%      | 2.8% increase | 0%                    |
| <b>Non-Financial (50%)</b> | Group Financials | Underlying NPAT                            | 40%       | \$33.1m       | 53%                   |
|                            |                  | (Gate for Non-Financial KPIs) <sup>1</sup> |           |               |                       |
|                            |                  | ROIC                                       |           | 31.6%         | 100%                  |
|                            |                  | Lotterywest expanded agreement             |           | \$37.5m       | 59%                   |
|                            | Sustainability   | Gender diversity                           | 10%       | 56:44         | 100%                  |
|                            |                  | Climate Active certification               |           | Certified     | 100% <sup>2</sup>     |
|                            |                  | Carbon neutral                             |           | Neutral       | 100%                  |
|                            |                  | Sustainability benchmarking                |           | > 50%         | 100%                  |
|                            | Customer         | Increase of active players                 | 30%       | 4,036,608     | 99.4%                 |
|                            | Employee         | Employee engagement index                  | 10%       | 77%           | 35%                   |
|                            |                  | Voluntary employee attrition               |           | 18.3%         | 78%                   |
|                            | Individual       | Performance evaluation                     | 10%       | 90%           | 100%                  |

<sup>1</sup> Gate for non-financial KPIs based on the Group business plan. Failure to meet the minimum threshold enables the Board to apply its discretion and adjust the remaining achievement % awarded for the non-financial KPI components. <sup>2</sup> see section 30.3.1 – Board discretion

| STI Outcomes      | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 |
|-------------------|---------|---------|---------|---------|---------|
| STI (% of Target) | 40.5    | 80      | 62.5    | 50      | 86      |

### 30.3.1 Board discretion

Following an extensive internal process including independent verification, the Board has confidence that the Group has met the criteria in order to achieve Climate Active Certification. Our certification feedback is still under review due to delays in processing as notified by Climate Active.

### 30.3.2 Awards granted and forfeited in FY2023

The table below shows for each Executive KMP, how much of their STI was awarded and how much was forfeited.

| 2023                    | Total Opportunity \$ | Awarded % | Forfeited % |
|-------------------------|----------------------|-----------|-------------|
| Mike Veverka            | 400,000              | 40.5      | 59.5        |
| David Todd              | 175,000              | 40.5      | 59.5        |
| Xavier Bergade          | 175,000              | 40.5      | 59.5        |
| Brad Board              | 175,000              | 40.5      | 59.5        |
| Abby Perry <sup>1</sup> | 110,500              | 40.5      | 59.5        |

<sup>1</sup> included in KMP from 26 August 2022

### 30.3.3 Deferred short-term incentive component

50% of any STI for Executive KMP will be awarded in performance rights to ordinary shares with the number of rights based on the 10-day VWAP period up to 30 June of each year. The rights will vest and convert into shares after a 12-month time based qualifying period provided the Executive remains employed by the Group at the vesting date, unless otherwise determined by the Board. The sale of shares is restricted for a further 12 months, resulting in a total two-year lock up period. Executives will have full entitlement to dividends and voting rights during the 12-month lock-up period.

The PCC has recommended the grant of 5,736 FY23 STI rights to Mike Veverka subject to shareholder approval at the 2023 AGM and 9,112 FY23 STI rights to KMP subject to Director approval at a Board meeting on the 2023 AGM date.

## 30.4 Long-term incentive outcomes

The table below shows for each Executive KMP, the value of rights that were granted in FY2023 as part of their TRO.

| 2023                    | Total granted \$ |
|-------------------------|------------------|
| Mike Veverka            | 400,000          |
| David Todd              | 175,000          |
| Xavier Bergade          | 175,000          |
| Brad Board              | 175,000          |
| Abby Perry <sup>1</sup> | 110,500          |

<sup>1</sup> included in KMP from 26 August 2022

Executive KMP receive an annual grant of rights to a dollar value equivalent to 25% of their TRO, with the number of rights based on the 10-day VWAP period up to 30 June of each year. The rights are exercisable into shares three years after grant and achievement of the price performance hurdle and provided the Executive remains employed by the Group at the vesting date, unless otherwise determined by the Board.

The value of LTI rights that were awarded or granted relating to the financial period ended 30 June 2023 are as follows:

| Grant date       | Vesting date                   | Grant date fair value |
|------------------|--------------------------------|-----------------------|
| 10 November 2022 | 14 September 2025 <sup>1</sup> | \$5.592               |
| 10 November 2022 | 14 September 2025 <sup>1</sup> | \$12.535              |

<sup>1</sup> 20 trading days after the release of the 2025 Financial Year end financial results.

Details of the terms and conditions of STI and LTI rights granted to Executive KMP as compensation during the reporting period are as follows:

| FY2023                         | No. rights granted | No. rights vested | Fair value per right at grant date \$ | Exercise price \$ | Amount paid or payable \$ | Vesting date                   | Date exercisable  |
|--------------------------------|--------------------|-------------------|---------------------------------------|-------------------|---------------------------|--------------------------------|-------------------|
| <b>Directors</b>               |                    |                   |                                       |                   |                           |                                |                   |
| <i>Mike Veverka</i>            |                    |                   |                                       |                   |                           |                                |                   |
| LTI rights FY2023 – TSR hurdle | 17,467             | –                 | 5.592                                 | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| LTI rights FY2023 – EPS hurdle | 11,645             | –                 | 12.535                                | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| STI rights FY2022              | 11,134             | 11,134            | 13.669                                | –                 | –                         | 30 Jun 2023                    | 30 Jun 2023       |

| FY2023                                | No. rights granted | No. rights vested | Fair value per right at grant date \$ | Exercise price \$ | Amount paid or payable \$ | Vesting date                   | Date exercisable  |
|---------------------------------------|--------------------|-------------------|---------------------------------------|-------------------|---------------------------|--------------------------------|-------------------|
| <b>Other key management personnel</b> |                    |                   |                                       |                   |                           |                                |                   |
| <i>Xavier Bergade</i>                 |                    |                   |                                       |                   |                           |                                |                   |
| LTI rights FY2023 – TSR hurdle        | 7,642              | –                 | 5.592                                 | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| LTI rights FY2023 – EPS hurdle        | 5,092              | –                 | 12.535                                | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| STI rights FY2022                     | 4,871              | 4,871             | 13.669                                |                   |                           | 30 Jun 2023                    | 30 Jun 2023       |
| <i>Brad Board</i>                     |                    |                   |                                       |                   |                           |                                |                   |
| LTI rights FY2023 – TSR hurdle        | 7,642              | –                 | 5.592                                 | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| LTI rights FY2023 – EPS hurdle        | 5,092              | –                 | 12.535                                | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| STI rights FY2022                     | 4,871              | 4,871             | 13.669                                |                   |                           | 30 Jun 2023                    | 30 Jun 2023       |
| <i>David Todd</i>                     |                    |                   |                                       |                   |                           |                                |                   |
| LTI rights FY2023 – TSR hurdle        | 7,642              | –                 | 5.592                                 | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| LTI rights FY2023 – EPS hurdle        | 5,092              | –                 | 12.535                                | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| STI rights FY2022                     | 4,871              | 4,871             | 13.669                                |                   |                           | 30 Jun 2023                    | 30 Jun 2023       |
| <i>Abby Perry<sup>2</sup></i>         |                    |                   |                                       |                   |                           |                                |                   |
| LTI rights FY2023 – TSR hurdle        | 4,825              | –                 | 5.592                                 | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |
| LTI rights FY2023 – EPS hurdle        | 3,217              | –                 | 12.535                                | –                 | –                         | 14 September 2025 <sup>1</sup> | 14 September 2026 |

<sup>1</sup>20 trading days after the release of the 2025 Financial Year end financial results.

<sup>2</sup> included in KMP from 26 August 2022

The LTI rights FY2023 are granted for no consideration, have a three-year term, and are exercisable when the vesting conditions have been met. Please see Further Details on Key Components on page 61 for more information.

The STI rights FY2022 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock up period.

The weighted average fair value of rights granted during FY2023 was \$9.55.

The value of LTI rights awarded or granted relating to previous financial periods, for which remuneration is reported in the financial period ended 30 June 2023 are as follows:

| FY2023                                | No. rights granted | No. rights vested | Fair value per right at grant date | Exercise price | Amount paid or payable | Vesting date | Date exercisable |
|---------------------------------------|--------------------|-------------------|------------------------------------|----------------|------------------------|--------------|------------------|
| <b>Directors</b>                      |                    |                   |                                    |                |                        |              |                  |
| <i>Mike Veverka</i>                   |                    |                   |                                    |                |                        |              |                  |
| LTI rights FY2021                     | 40,201             | –                 | \$6.254                            | –              | –                      | 1 Jul 2023   | 1 Jul 2024       |
| LTI rights FY2022                     | 23,419             | –                 | \$9.466                            |                |                        | 1 Jul 2024   | 1 Jul 2025       |
| LTI rights TLC                        | 16,393             | –                 | \$7.565                            |                |                        | 4 Nov 2023   | 4 Nov 2023       |
|                                       | 80,013             | –                 |                                    |                |                        |              |                  |
| <b>Other key management personnel</b> |                    |                   |                                    |                |                        |              |                  |
| <i>David Todd</i>                     |                    |                   |                                    |                |                        |              |                  |
| LTI rights FY2021                     | 17,588             | –                 | \$6.254                            | –              | –                      | 1 Jul 2023   | 1 Jul 2024       |
| LTI rights FY2022                     | 10,246             | –                 | \$9.466                            |                |                        | 1 Jul 2024   | 1 Jul 2025       |
| LTI rights TLC                        | 8,197              | –                 | \$7.565                            |                |                        | 4 Nov 2023   | 4 Nov 2023       |
| <i>Xavier Bergade</i>                 |                    |                   |                                    |                |                        |              |                  |
| LTI rights FY2021                     | 17,588             | –                 | \$6.254                            | –              | –                      | 1 Jul 2023   | 1 Jul 2024       |
| LTI rights FY2022                     | 10,246             | –                 | \$9.466                            |                |                        | 1 Jul 2024   | 1 Jul 2025       |
| LTI rights TLC                        | 8,197              | –                 | \$7.565                            |                |                        | 4 Nov 2023   | 4 Nov 2023       |
| <i>Brad Board</i>                     |                    |                   |                                    |                |                        |              |                  |
| LTI rights FY2021                     | 17,588             | –                 | \$6.254                            | –              | –                      | 1 Jul 2023   | 1 Jul 2024       |
| LTI rights FY2022                     | 10,246             | –                 | \$9.466                            |                |                        | 1 Jul 2024   | 1 Jul 2025       |
| LTI rights TLC                        | 8,197              | –                 | \$7.565                            |                |                        | 4 Nov 2023   | 4 Nov 2023       |
|                                       | 108,093            | –                 |                                    |                |                        |              |                  |



The LTI rights FY2021 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2023 is equal to or more than \$14.55 less any dividends paid during the term.

The LTI rights TLC are special LTIs as a one-off recognition of effort in relation to the renegotiation of the TLC Agreement granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 4 November 2023 is equal to or more than \$16.24.

The LTI rights FY2022 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2023 is equal to or more than \$20.17 less any dividends paid during the term.

### 30.4.1 Options

There were no options granted to Executive KMP during the reporting period.

### 30.4.2 Equity instruments issued on exercise of remuneration rights and options

The following equity instruments were issued during the reporting period to Executive KMP as a result of rights and options exercised that had previously been granted as compensation.

| FY2023                                | Number of shares issued on exercise of rights and options | Number of rights and options exercised | Amount paid per share | Amount unpaid per share |
|---------------------------------------|-----------------------------------------------------------|----------------------------------------|-----------------------|-------------------------|
| <b>Directors</b>                      |                                                           |                                        |                       |                         |
| Susan Forrester – rights              | 1,366                                                     | 1,366                                  | –                     | –                       |
| Sharon Christensen – rights           | 1,366                                                     | 1,366                                  | –                     | –                       |
| Mike Veverka – rights                 | 11,134                                                    | 11,134                                 | –                     | –                       |
| <b>Other key management personnel</b> |                                                           |                                        |                       |                         |
| David Todd – rights                   | 4,871                                                     | 4,871                                  | –                     | –                       |
| Xavier Bergade – rights               | 4,871                                                     | 4,871                                  | –                     | –                       |
| Xavier Bergade – options              | 300,000                                                   | 300,000                                | \$3.50                | –                       |
| Brad Board – rights                   | 4,871                                                     | 4,871                                  | –                     | –                       |

### 30.4.3 Value of rights to Executive KMP

Details of options and rights that were granted and that are exercised during the year to Executive KMP as part of their remuneration are as follows:

| FY2023                                | Value of options or rights at grant date <sup>1</sup><br>\$ | Value of options or rights exercised at exercise date <sup>2</sup><br>\$ |
|---------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Directors</b>                      |                                                             |                                                                          |
| Susan Forrester                       |                                                             |                                                                          |
| Sharon Christensen                    |                                                             |                                                                          |
| Mike Veverka – rights                 | 152,191                                                     | 162,111                                                                  |
| <b>Other key management personnel</b> |                                                             |                                                                          |
| David Todd – rights                   | 66,582                                                      | 69,460                                                                   |
| Xavier Bergade – rights               | 66,582                                                      | 69,460                                                                   |
| Xavier Bergade – options              | 166,932                                                     | 4,176,000                                                                |
| Brad Board – rights                   | 66,582                                                      | 69,460                                                                   |

<sup>1</sup> The value of options and rights granted during the period differs to the expense recognised as part of each Executive KMP's remuneration in (c) above because this value is the grant date fair value calculated in accordance with AASB 2 Share-based Payment.

<sup>2</sup> The value of options exercised at exercise date has been determined as the intrinsic value of the options at exercise date, i.e., the excess of the market value at exercise date over the strike price of the option.

Executive KMP include close family members and entities over which the key management person or their close family members have direct or indirect control, joint control or significant influence.

Details of options and rights over ordinary shares of Jumbo Interactive Limited, held indirectly or beneficially by Executive KMP are as follows:

**Options to deferred shares**

| FY2023         | Balance at 1 July 2022 | Granted as remuneration during the year | Exercised during the year | Forfeited | Balance at 30 June 2023 | Vested at 30 June 2023 | Total vested and exercisable at 30 June 2023 | Total vested and un-exercisable at 30 June 2023 |
|----------------|------------------------|-----------------------------------------|---------------------------|-----------|-------------------------|------------------------|----------------------------------------------|-------------------------------------------------|
| Xavier Bergade | 300,000                | -                                       | (300,000)                 | -         | -                       | -                      | -                                            | -                                               |

**Rights to deferred shares**

| FY2023                  | Balance at 1 July 2022 | Granted as remuneration during the year | Exercised during the year | Forfeited | Balance at 30 June 2023 | Vested at 30 June 2023 | Total vested and exercisable at 30 June 2023 | Total vested and un-exercisable at 30 June 2023 |
|-------------------------|------------------------|-----------------------------------------|---------------------------|-----------|-------------------------|------------------------|----------------------------------------------|-------------------------------------------------|
| Mike Veverka            | 100,215                | 40,246                                  | (11,134)                  | (20,202)  | 109,125                 | -                      | -                                            | -                                               |
| Xavier Bergade          | 44,869                 | 17,608                                  | (4,871)                   | (8,838)   | 48,768                  | -                      | -                                            | -                                               |
| Brad Board              | 44,869                 | 17,608                                  | (4,871)                   | (8,838)   | 48,768                  | -                      | -                                            | -                                               |
| David Todd              | 44,869                 | 17,608                                  | (4,871)                   | (8,838)   | 48,768                  | -                      | -                                            | -                                               |
| Abby Perry <sup>1</sup> | 1,393                  | 8,042                                   | -                         | -         | 9,435                   | -                      | -                                            | -                                               |
|                         | 236,215                | 101,112                                 | (25,747)                  | (46,716)  | 264,864                 | -                      | -                                            | -                                               |

<sup>1</sup> included in KMP from 26 August 2022

## 31. Total Executive remuneration and benefits

| 2023                         | Short term employee benefits          |               |                          | Post-employment benefits | Long term benefits    |                         | Equity-settled share-based payments | Total \$  | Proportion of remuneration that is performance based % |
|------------------------------|---------------------------------------|---------------|--------------------------|--------------------------|-----------------------|-------------------------|-------------------------------------|-----------|--------------------------------------------------------|
|                              | Cash salary, fees and annual leave \$ | Cash bonus \$ | Non-monetary benefits \$ | Super-annuation \$       | Long service leave \$ | Termination benefits \$ | Options and Rights <sup>1</sup> \$  |           |                                                        |
| Mike Veverka                 | 769,811                               | 81,048        | -                        | 30,189                   | 9,513                 | -                       | 457,880                             | 1,348,441 | 40.3                                                   |
| David Todd                   | 322,500                               | 35,458        | -                        | 27,500                   | 5,012                 | -                       | 185,452                             | 575,922   | 38.4                                                   |
| Xavier Bergade               | 316,742                               | 35,458        | -                        | 33,258                   | 4,041                 | -                       | 185,452                             | 574,951   | 38.4                                                   |
| Brad Board                   | 316,742                               | 35,458        | -                        | 33,258                   | 4,782                 | -                       | 185,452                             | 575,692   | 38.4                                                   |
| Abby Perry <sup>2</sup>      | 165,385                               | 22,389        | -                        | 17,365                   | -                     | -                       | 33,950                              | 239,089   | 23.6                                                   |
| Total Executive remuneration | 1,891,180                             | 209,811       | -                        | 141,570                  | 23,348                | -                       | 1,048,186                           | 3,314,095 | 38.0                                                   |

<sup>1</sup> includes share-based payments over the remaining term on those options and rights exercised, if any, during the financial year

<sup>2</sup> included in KMP from 26 August 2022

| 2022                         | Short term employee benefits          |               |                          | Post-employment benefits | Long term benefits    |                         | Equity-settled share-based payments | Total \$  | Proportion of remuneration that is performance based % |
|------------------------------|---------------------------------------|---------------|--------------------------|--------------------------|-----------------------|-------------------------|-------------------------------------|-----------|--------------------------------------------------------|
|                              | Cash salary, fees and annual leave \$ | Cash bonus \$ | Non-monetary benefits \$ | Super-annuation \$       | Long service leave \$ | Termination benefits \$ | Options and Rights <sup>1</sup> \$  |           |                                                        |
| Mike Veverka                 | 821,486                               | 160,000       | -                        | 33,566                   | 12,115                | -                       | 491,817                             | 1,518,984 | 42.9                                                   |
| David Todd                   | 346,569                               | 70,000        | -                        | 27,500                   | 5,300                 | -                       | 212,136                             | 661,505   | 42.7                                                   |
| Xavier Bergade               | 342,325                               | 70,000        | -                        | 31,818                   | 4,077                 | -                       | 212,136                             | 660,356   | 42.7                                                   |
| Brad Board                   | 342,540                               | 70,000        | -                        | 31,818                   | 5,300                 | -                       | 212,136                             | 661,794   | 42.6                                                   |
| Richard Bateson <sup>2</sup> | 463,750                               | 70,000        | -                        | -                        | -                     | -                       | 102,330                             | 636,080   | 27.1                                                   |
| Total Executive remuneration | 2,316,670                             | 440,000       | -                        | 124,702                  | 26,792                | -                       | 1,230,555                           | 4,138,719 | 40.4                                                   |

<sup>1</sup> includes share-based payments over the remaining term on those options and rights exercised, if any, during the financial year

<sup>2</sup> included in KMP to 30 June 2022

## 32. Non-Executive Director Remuneration

Jumbo is committed to ensuring that the composition of the Board includes Directors who possess an appropriate mix of skills, experience, expertise, and diversity to enable the Board to support the Group to deliver on outcomes aligned with our strategic priorities. Our strong corporate governance framework underpins the Board's strategic objectives and commitment to shareholders and the community.

The size and composition of the Board is determined in accordance with Jumbo's Constitution and any applicable laws and regulations and comprises four members, including the CEO, Chairperson and two independent, Non-Executive Directors. In addition, the Board has extensive access to members of senior management who regularly attend Board meetings. Management makes presentations and engage in discussions with Directors, answer questions and provide input and perspective on their areas of responsibility. The Chief Financial Officer (CFO) attends all Board meetings as an invitee.

### 32.1 Non-Executive Director fees

Non-Executive Directors receive a board fee and fees for chairing or participating on board committees per the table below. The fees are inclusive of superannuation. They do not receive performance-based pay or retirement allowances but may acquire rights as a salary sacrifice under a Non-Executive Director Rights Plan.

The Non-Executive Director Rights Plan was established in March 2022. Jumbo may, at the discretion of the Board, offer and issue Awards to Non-Executive Directors in the form of Performance Rights. Rights are offered for a nil cost and are exercisable at nil cost. Rights will vest pro-rata if the services of the Director cease for any reason between 1 July and 30 June for each tranche of rights. Rights are restricted until they are exercised or expire. Rights will expire, if not exercised, three (3) years after the relevant vesting date for each tranche of Rights. Participants of the Rights Plan include Susan Forrester and Sharon Christensen.

| Board and Committee fees (per annum)  | FY2023    | FY2022    |
|---------------------------------------|-----------|-----------|
| Chair of the Board                    | \$213,000 | \$213,000 |
| Non-Executive Directors               | \$125,000 | \$125,000 |
| Committee Chair (Audit and Risk)      | \$15,000  | \$15,000  |
| Committee Chair (People and Culture)  | \$15,000  | \$15,000  |
| Committee Member (Audit and Risk)     | \$10,000  | \$10,000  |
| Committee Member (People and Culture) | \$10,000  | \$10,000  |

In addition to Board and Committee fees, non-executive Directors are reimbursed for travel and other expenses reasonably incurred when attending meetings of the Board or conducting the business of Jumbo. A minimum shareholding requirement (MSR) applies to non-executive Directors comprising holding fully paid ordinary shares in the Company to the value of 100% of annual board fees within five years of falling under the Remuneration Framework or appointment.

## 32.2 Value of rights to Non-Executive Directors

Details of rights over ordinary shares of Jumbo Interactive Limited, held indirectly or beneficially by non-executive Directors are as follows:

### Rights to deferred shares

| FY2023             | Balance at 1 July 2022 | Granted as remuneration during the year | Exercised during the year | Other changes during the year | Balance at 30 June 2023 | Vested at 30 June 2023 | Total vested and exercisable at 30 June 2023 | Total vested and un-exercisable at 30 June 2023 |
|--------------------|------------------------|-----------------------------------------|---------------------------|-------------------------------|-------------------------|------------------------|----------------------------------------------|-------------------------------------------------|
| Susan Forrester    | 4,098                  | -                                       | (1,366)                   | -                             | 2,732                   | -                      | -                                            | -                                               |
| Sharon Christensen | 4,098                  | -                                       | (1,366)                   | -                             | 2,732                   | -                      | -                                            | -                                               |
|                    | 8,196                  | -                                       | (2,132)                   | -                             | 5,464                   | -                      | -                                            | -                                               |

The NED service rights are granted for a consideration of \$nil per right and have a time-bound vesting period only.

## 32.3 Total Non-Executive remuneration and benefits

| 2023                             | Short term employee benefits          |               |                          | Post-employment benefits | Long term benefits    |                         | Equity-settled share-based payments | Options and Rights | Total \$ | Proportion of remuneration that is performance based % |
|----------------------------------|---------------------------------------|---------------|--------------------------|--------------------------|-----------------------|-------------------------|-------------------------------------|--------------------|----------|--------------------------------------------------------|
|                                  | Cash salary, fees and annual leave \$ | Cash bonus \$ | Non-monetary benefits \$ | Super-annuation \$       | Long service leave \$ | Termination benefits \$ |                                     |                    |          |                                                        |
| Susan Forrester                  | 185,068                               | -             | -                        | 19,432                   | -                     | -                       | 28,500 <sup>1</sup>                 |                    | 233,000  | -                                                      |
| Sharon Christensen               | 114,583                               | -             | -                        | -                        | -                     | -                       | 35,417 <sup>1</sup>                 |                    | 150,000  | -                                                      |
| Giovanni Rizzo                   | 146,437                               | -             | -                        | 3,563                    | -                     | -                       | -                                   |                    | 150,000  | -                                                      |
| Total Non-Executive remuneration | 446,088                               | -             | -                        | 22,995                   | -                     | -                       | 63,917                              |                    | 533,000  | -                                                      |

<sup>1</sup> salary sacrifice for NED rights

| 2022                             | Short term employee benefits          |               |                          | Post-employment benefits | Long term benefits    |                         | Equity-settled share-based payments | Options and Rights | Total \$ | Proportion of remuneration that is performance based % |
|----------------------------------|---------------------------------------|---------------|--------------------------|--------------------------|-----------------------|-------------------------|-------------------------------------|--------------------|----------|--------------------------------------------------------|
|                                  | Cash salary, fees and annual leave \$ | Cash bonus \$ | Non-monetary benefits \$ | Super-annuation \$       | Long service leave \$ | Termination benefits \$ |                                     |                    |          |                                                        |
| Susan Forrester                  | 194,167                               | -             | -                        | 19,417                   | -                     | -                       | 19,416 <sup>1</sup>                 |                    | 233,000  | -                                                      |
| Sharon Christensen               | 121,591                               | -             | -                        | 3,409                    | -                     | -                       | 25,000 <sup>1</sup>                 |                    | 150,000  | -                                                      |
| Giovanni Rizzo                   | 136,364                               | -             | -                        | 13,636                   | -                     | -                       | -                                   |                    | 150,000  | -                                                      |
| Total Non-Executive remuneration | 452,122                               | -             | -                        | 36,462                   | -                     | -                       | 44,416                              |                    | 533,000  | -                                                      |

<sup>1</sup> salary sacrifice for NED rights



### 33. Executive KMP shareholdings

| FY2023                                | Balance at 1 July 2022 | Granted as remuneration during the year | Issued on exercise of options or rights during the year | Other changes during the year | Balance at 30 June 2023 |
|---------------------------------------|------------------------|-----------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------|
| <b>Directors</b>                      |                        |                                         |                                                         |                               |                         |
| Mike Veverka                          | 8,856,901              | -                                       | 11,134                                                  | -                             | 8,868,035               |
| Susan Forrester                       | 30,000                 | -                                       | 1,366                                                   | 1,000                         | 32,366                  |
| Sharon Christensen                    | 3,550                  | -                                       | 1,366                                                   | 1,000                         | 5,916                   |
| Giovanni Rizzo                        | 2,000                  | -                                       | -                                                       | 2,000                         | 4,000                   |
| <b>Other key management personnel</b> |                        |                                         |                                                         |                               |                         |
| David Todd                            | 57,599                 | -                                       | 4,871                                                   | -                             | 62,470                  |
| Xavier Bergade                        | 457,599                | -                                       | 304,871                                                 | (450,000)                     | 312,470                 |
| Brad Board                            | 33,227                 | -                                       | 4,871                                                   | 2,190                         | 40,288                  |
| Abby Perry <sup>1</sup>               | -                      | -                                       | -                                                       | -                             | -                       |
|                                       | 9,440,876              | -                                       | 328,479                                                 | (443,810)                     | 9,325,545               |

<sup>1</sup> included in KMP from 26 August 2022

End of Remuneration Report – audited



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## Auditor's independence declaration to the directors of Jumbo Interactive Limited

As lead auditor for the audit of the financial report of Jumbo Interactive Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Jumbo Interactive Limited and the entities it controlled during the financial year.

Ernst & Young

Susie Kuo  
Partner  
25 August 2023

# Financial Report

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Jumbo Interactive Limited and its Controlled Subsidiaries

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

|                                                                                                             | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| Revenue from operations                                                                                     | 2     | 118,712        | 104,251        |
| Cost of sales                                                                                               | 3     | (17,953)       | (14,473)       |
| <b>Gross profit</b>                                                                                         |       | <b>100,759</b> | <b>89,778</b>  |
| Other revenue/income                                                                                        | 2     | 839            | 1,058          |
| Distribution expenses                                                                                       |       | (19)           | (20)           |
| Marketing costs                                                                                             |       | (6,572)        | (8,597)        |
| Occupancy expenses                                                                                          | 3     | (291)          | (146)          |
| Administrative expenses                                                                                     | 3     | (46,801)       | (36,457)       |
| Finance costs                                                                                               | 3     | (775)          | (303)          |
| Impairment of receivables                                                                                   |       | -              | (76)           |
| Other                                                                                                       |       | (501)          | -              |
| <b>Profit before income tax expense</b>                                                                     |       | <b>46,639</b>  | <b>45,237</b>  |
| Income tax expense                                                                                          | 4     | (15,070)       | (14,061)       |
| <b>Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited</b> |       | <b>31,569</b>  | <b>31,176</b>  |
| <b>Other comprehensive income</b>                                                                           |       |                |                |
| Items that may be reclassified subsequently to profit or loss                                               |       |                |                |
| Foreign currency translation                                                                                |       | 3,322          | (775)          |
| Other comprehensive income for the year, net of tax                                                         |       | 3,322          | (775)          |
| <b>Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited</b>      |       | <b>34,891</b>  | <b>30,401</b>  |
| <b>Earnings Per Share (cents per share)</b>                                                                 |       | <b>cents</b>   | <b>cents</b>   |
| Basic earnings per share (cents per share)                                                                  | 5     | 50.2           | 49.9           |
| Diluted earnings per share (cents per share)                                                                | 5     | 49.9           | 49.3           |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Jumbo Interactive Limited and its Controlled Subsidiaries

# Consolidated Statement of Financial Position

As at 30 June 2023

|                                        | Notes  | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------|--------|----------------|----------------|
| <b>CURRENT ASSETS</b>                  |        |                |                |
| Cash and cash equivalents              | 6      | 53,190         | 68,930         |
| Trade and other receivables            | 7      | 8,046          | 6,065          |
| Inventories                            |        | 29             | 31             |
| Other current assets                   | 18 (d) | 8,411          | -              |
| <b>TOTAL CURRENT ASSETS</b>            |        | <b>69,676</b>  | <b>75,026</b>  |
| <b>NON-CURRENT ASSETS</b>              |        |                |                |
| Property, plant and equipment          | 8      | 506            | 695            |
| Intangible assets                      | 9      | 69,774         | 38,680         |
| Right-of-use assets                    | 10     | 3,342          | 2,864          |
| Deferred tax assets                    | 4      | 1,899          | 1,828          |
| Other non-current assets               | 11     | 10,625         | 12,125         |
| <b>TOTAL NON-CURRENT ASSETS</b>        |        | <b>86,146</b>  | <b>56,192</b>  |
| <b>TOTAL ASSETS</b>                    |        | <b>155,822</b> | <b>131,218</b> |
| <b>CURRENT LIABILITIES</b>             |        |                |                |
| Trade and other payables               | 12     | 30,122         | 24,530         |
| Lease liabilities                      | 14     | 1,355          | 1,022          |
| Current tax liabilities                | 4      | 2,599          | 613            |
| Contingent consideration at fair value | 20 (b) | 8,391          | 1,820          |
| Employee benefit obligations           | 13     | 1,078          | 818            |
| <b>TOTAL CURRENT LIABILITIES</b>       |        | <b>43,545</b>  | <b>28,803</b>  |
| <b>NON-CURRENT LIABILITIES</b>         |        |                |                |
| Lease liabilities                      | 14     | 2,491          | 2,181          |
| Employee benefit obligations           | 13     | 575            | 525            |
| Make good provision                    |        | -              | 22             |
| Contingent consideration at fair value | 20 (b) | -              | 1,638          |
| Deferred tax liabilities               | 4      | 9,222          | 5,066          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |        | <b>12,288</b>  | <b>9,432</b>   |
| <b>TOTAL LIABILITIES</b>               |        | <b>55,833</b>  | <b>38,235</b>  |
| <b>NET ASSETS</b>                      |        | <b>99,989</b>  | <b>92,983</b>  |
| <b>EQUITY</b>                          |        |                |                |
| Contributed equity                     | 16     | 79,807         | 81,390         |
| Profits Appropriation Reserve          |        | 13,779         | 9,610          |
| Reserves                               |        | 6,403          | 1,983          |
| <b>TOTAL EQUITY</b>                    |        | <b>99,989</b>  | <b>92,983</b>  |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

| Consolidated group                                          | Contributed equity<br>\$'000 | Profits appropriation<br>reserve<br>\$'000 | Share-based payments<br>reserve<br>\$'000 | Foreign currency<br>translation<br>reserve<br>\$'000 | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income reserve<br>\$'000 | Total equity<br>\$'000 |
|-------------------------------------------------------------|------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------|
| Balance at 1 July 2021                                      | 80,177                       | 3,730                                      | 4,227                                     | (506)                                                | (2,302)                                                                                         | 85,326                 |
| <b>Total comprehensive income for the year</b>              |                              |                                            |                                           |                                                      |                                                                                                 |                        |
| Profit for the year                                         | -                            | 31,176                                     | -                                         | -                                                    | -                                                                                               | 31,176                 |
| Other comprehensive income, net of tax                      | -                            | -                                          | -                                         | (775)                                                | -                                                                                               | (775)                  |
| Total comprehensive income for the year                     | -                            | 31,176                                     | -                                         | (775)                                                | -                                                                                               | 30,401                 |
| <b>Transactions with owners in their capacity as owners</b> |                              |                                            |                                           |                                                      |                                                                                                 |                        |
| Issue of shares (Note 17(a))                                | 1,213                        | -                                          | -                                         | -                                                    | -                                                                                               | 1,213                  |
| Dividends paid (Note 16)                                    | -                            | (25,296)                                   | -                                         | -                                                    | -                                                                                               | (25,296)               |
| Share-based payments (Note 26)                              | -                            | -                                          | 1,339                                     | -                                                    | -                                                                                               | 1,339                  |
| Total transactions with owners in their capacity as owners  | 1,213                        | (25,296)                                   | 1,339                                     | -                                                    | -                                                                                               | (22,744)               |
| <b>Balance at 30 June 2022</b>                              | <b>81,390</b>                | <b>9,610</b>                               | <b>5,566</b>                              | <b>(1,281)</b>                                       | <b>(2,302)</b>                                                                                  | <b>92,983</b>          |
| Balance at 1 July 2022                                      | 81,390                       | 9,610                                      | 5,566                                     | (1,281)                                              | (2,302)                                                                                         | 92,983                 |
| <b>Total comprehensive income for the year</b>              |                              |                                            |                                           |                                                      |                                                                                                 |                        |
| Profit for the year                                         | -                            | 31,569                                     | -                                         | -                                                    | -                                                                                               | 31,569                 |
| Other comprehensive income, net of tax                      | -                            | -                                          | -                                         | 3,322                                                | -                                                                                               | 3,322                  |
| Total comprehensive income for the year                     | -                            | 31,569                                     | -                                         | 3,322                                                | -                                                                                               | 34,891                 |
| <b>Transactions with owners in their capacity as owners</b> |                              |                                            |                                           |                                                      |                                                                                                 |                        |
| Issue of shares (Note 17(a))                                | 1,050                        | -                                          | (38)                                      | -                                                    | -                                                                                               | 1,012                  |
| Dividends paid (Note 16)                                    | -                            | (27,400)                                   | -                                         | -                                                    | -                                                                                               | (27,400)               |
| Share buy-back                                              | (2,633)                      | -                                          | -                                         | -                                                    | -                                                                                               | (2,633)                |
| Share-based payments (Note 26)                              | -                            | -                                          | 1,136                                     | -                                                    | -                                                                                               | 1,136                  |
| Total transactions with owners in their capacity as owners  | (1,583)                      | (27,400)                                   | 1,098                                     | -                                                    | -                                                                                               | (27,885)               |
| <b>Balance at 30 June 2023</b>                              | <b>79,807</b>                | <b>13,779</b>                              | <b>6,664</b>                              | <b>2,041</b>                                         | <b>(2,302)</b>                                                                                  | <b>99,989</b>          |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Controlled Subsidiaries.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

|                                                       | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------|-------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |       |                |                |
| Receipts from customers (GST inclusive)               |       | 131,645        | 113,644        |
| Payments to suppliers and employees (GST inclusive)   |       | (64,746)       | (56,026)       |
| Interest received                                     |       | 516            | 63             |
| Interest and other costs of finance paid              |       | (728)          | (174)          |
| Interest on lease liabilities                         |       | (47)           | (129)          |
| Income tax paid                                       |       | (12,009)       | (13,185)       |
| Net cash inflows from operating activities            | 6 (b) | 54,631         | 44,193         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |       |                |                |
| Payments for property, plant and equipment            | 8     | (200)          | (326)          |
| Payments for other intangibles                        | 9 (a) | (8,216)        | (5,715)        |
| Payment for purchase of business net of cash acquired | 20    | (20,041)       | (7,955)        |
| Payment for deposit for contingent consideration      |       | (8,519)        | -              |
| Payment of contingent consideration                   |       | (3,117)        | -              |
| Proceeds from sale of subsidiary net of cash provided |       | -              | 691            |
| Proceeds from sale of assets                          | 8     | -              | 4              |
| Net cash (outflows) from investing activities         |       | (40,093)       | (13,301)       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |       |                |                |
| Proceeds from issue of shares                         | 16    | 1,050          | 1,213          |
| Payments for share buy-backs                          |       | (2,633)        | -              |
| Principle payment of lease liabilities                |       | (1,074)        | (1,017)        |
| Dividends paid                                        | 15    | (27,400)       | (25,296)       |
| Net cash (outflows) from financing activities         |       | (30,057)       | (25,100)       |
| Net (decrease) in cash and cash equivalents           |       | (15,519)       | 5,792          |
| Net foreign exchange differences                      |       | (221)          | (1)            |
| Cash and cash equivalents at beginning of year        |       | 68,930         | 63,139         |
| Cash and cash equivalents at end of year              | 6 (a) | 53,190         | 68,930         |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Jumbo Interactive Limited and its Subsidiaries

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

## About this report

Jumbo Interactive Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX: JIN), and is a for-profit entity for the purposes of preparing the financial statements. The consolidated financial statements are for the consolidated entity consisting of Jumbo Interactive Limited (the **Company**) and its subsidiaries and together are referred to as the **Group** or **Jumbo**.

The consolidated financial statements were approved for issue in accordance with a resolution by the Directors on 25 August 2023. The Directors have the power to amend and reissue the consolidated financial statements.

The consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with the *Corporations Act 2001*, Australian Accountings Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial reporting Standards (**IFRS**) issued by the International Financial Standards Board;
- have been prepared under the historical cost convention;
- are presented in Australian dollars (**A\$**), with all amounts in the financial report being rounded off in accordance with the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission to the nearest thousand dollars, unless otherwise indicated;
- where necessary, comparative information has been restated to conform with changes in presentation in the current year; and
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group effective for reporting periods beginning on or after 1 July 2022.

## The notes to the financial statements

The notes include financial information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps explain the impact of significant changes in the Group's business – for example, acquisitions and impairment write downs; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes of the financial statements.

## Significant judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the consolidated financial statements include:

|                                                    | Note   | Page |
|----------------------------------------------------|--------|------|
| Principal versus agent considerations              | 2      | 83   |
| Estimated useful life of website development costs | 9      | 93   |
| Goodwill and other intangible assets               | 9      | 93   |
| Contingent consideration at fair value             | 20 (b) | 110  |

In addition, in preparing the financial statements, the notes to the financial statements were ordered such that the most relevant information was presented earlier in the notes and that the disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgement.

## Key events and transactions for the reporting period

The financial position and performance of the Group was affected by the following events and transactions during the reporting period:

1. Lower levels of customer activity and large jackpot activity which in turn impacted Lottery Retailing TTV and revenue.
2. The 'step up' in the TLC service fee from 2.5% to 3.5% of the subscription cost of the lottery tickets sold, resulting in a significantly higher cost of sales in Lottery Retailing.
3. The acquisition of Stride Management Corp. in Canada for cash on 1 June 2022 (see Note 20: Business Combination for details). As a result FY2022 only includes a one-month contribution from Stride, while FY2023 includes a full 12-month contribution.
4. The acquisition of the StarVale Group of Companies in the UK using a combination of cash and debt on 1 November 2022 (see Note 20: Business Combination for details). As a result, FY2023 includes an eight-month contribution from StarVale (FY2022: nil).
5. Payment of dividends (see Note 16: Dividends for details).



# RESULTS FOR THE YEAR

## In this section

Results for the year include segment information and a breakdown of individual line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income that the Directors consider most relevant, including a summary of the accounting policies, relevant to understanding these line items.

|                                  |    |
|----------------------------------|----|
| RESULTS FOR THE YEAR             | 80 |
| Note 1: Segment reporting        | 80 |
| Note 2: Revenue and other income | 83 |
| Note 3: Expenses                 | 85 |
| Note 4: Income tax               | 86 |
| Note 5: Earnings per share (EPS) | 88 |

## Note 1: Segment reporting

Jumbo determines and presents operating segments on a product and a geographic basis as this is how the results are reported internally to the Chief Executive Officer (being the chief operating decision maker) and how the business is managed. The Chief Executive Officer assesses the performance of the Group based on the earnings before interest, tax, and depreciation and amortisation (**EBITDA**) amongst other key metrics and key performance indicators.

### (a) Description of segments

The following summary describes the operations in each of the Group's reportable segments:

#### Lottery Retailing

Sales of Australian national lottery and charity lottery tickets through the internet and mobile devices to customers (B2C) in Australia and eligible overseas jurisdictions.

#### Software-as-a-Service (SaaS)

Development, supply and maintenance of proprietary software-as-a-service (SaaS) for authorised businesses, charities and governments (**B2B/B2G**) mainly in the lottery market in Australia.

#### Managed Services

Provision of lottery management services for authorised Businesses and Charities (B2B) in the lottery market on a domestic and international basis. Services include prize procurement, lottery game design, campaign marketing, and customer relationship and draw management. These services are provided in addition to the proprietary-owned lottery software platforms to licensed charities in Australia, Canada and the UK. The segment operates as Jumbo Fundraising (JF) in Australia, Gatherwell Ltd (Gatherwell) and StarVale Group of companies (StarVale) as External Lottery Managers (ELM) in the UK, and Stride Management Corp. (Stride) as an ELM for charity lotteries in Canada.

#### Intersegment eliminations

The SaaS segment licences the lottery software platform to the Lottery Retailing segment on a licence fee of 7.5% of relevant lottery ticket sales.

## Expenses

Direct costs are included in expenses of operating segments and indirect costs are allocated to operating segments based on the headcount assigned to each operating segment.

## Reconciling items

Other reconciling items are corporate expenses including costs in respect of the Directors, CEO, CFO, corporate advertising, promotion and marketing, corporate investment and finance, tax, audit, risk, governance, and strategic projects.

## (b) Segment information

The segment information provided to the CEO is as follows:

| 2023                                                          | Lottery<br>Retailing<br>\$'000 | SaaS<br>\$'000 | Managed<br>Services<br>\$'000 | Intersegment<br>eliminations<br>\$'000 | Total<br>\$'000 |
|---------------------------------------------------------------|--------------------------------|----------------|-------------------------------|----------------------------------------|-----------------|
| Total segment sales revenue from external customers           | 91,287                         | 8,710          | 18,715                        | -                                      | 118,712         |
| Intersegment sales revenue                                    | -                              | 33,683         | -                             | (33,683)                               | -               |
| <b>Total segment sales revenue</b>                            | <b>91,287</b>                  | <b>42,393</b>  | <b>18,715</b>                 | <b>(33,683)</b>                        | <b>118,712</b>  |
| Cost of Sales                                                 | (49,791)                       | (431)          | (1,414)                       | 33,683                                 | (17,953)        |
| Gross Profit                                                  | 41,496                         | 41,962         | 17,301                        | -                                      | 100,759         |
| Finance costs                                                 | -                              | -              | -                             | -                                      | -               |
| Employee benefits expense                                     | (3,003)                        | (9,894)        | (6,879)                       | -                                      | (19,776)        |
| Directors' remuneration                                       | (7)                            | -              | -                             | -                                      | (7)             |
| Consultancy and legal expenses                                | (39)                           | (81)           | (42)                          | -                                      | (162)           |
| Marketing expenses                                            | (5,957)                        | (180)          | (381)                         | -                                      | (6,518)         |
| Corporate expenses                                            | (4)                            | (1)            | (156)                         | -                                      | (161)           |
| Technology expenses                                           | (189)                          | (1,796)        | (738)                         | -                                      | (2,723)         |
| Office expenses                                               | (133)                          | (267)          | (361)                         | -                                      | (761)           |
| Other expenses                                                | (1,630)                        | (2,052)        | (2,552)                       | -                                      | (6,234)         |
| Operating expenses                                            | (10,962)                       | (14,271)       | (11,109)                      | -                                      | (36,342)        |
| <b>EBITDA</b>                                                 | <b>30,534</b>                  | <b>27,691</b>  | <b>6,192</b>                  | <b>-</b>                               | <b>64,417</b>   |
| <b>Reconciliation to Statutory Consolidated results</b>       |                                |                |                               |                                        |                 |
| <b>Total segments revenue</b>                                 |                                |                |                               |                                        | 118,712         |
| <b>Consolidated Revenue (see Note 2)</b>                      |                                |                |                               |                                        | <b>118,712</b>  |
| <b>Total segment EBITDA</b>                                   |                                |                |                               |                                        | <b>64,417</b>   |
| <i>Other reconciling items (Corporate)</i>                    |                                |                |                               |                                        |                 |
| Finance costs                                                 |                                |                |                               |                                        | (47)            |
| Employee benefits expense                                     |                                |                |                               |                                        | (1,250)         |
| Share-based payments                                          |                                |                |                               |                                        | (1,136)         |
| Directors' remuneration                                       |                                |                |                               |                                        | (483)           |
| Consultancy and legal expenses                                |                                |                |                               |                                        | (9)             |
| Marketing expenses                                            |                                |                |                               |                                        | (53)            |
| Corporate expenses                                            |                                |                |                               |                                        | (808)           |
| Technology expenses                                           |                                |                |                               |                                        | (59)            |
| Other expenses                                                |                                |                |                               |                                        | (2,749)         |
| Total other reconciling items                                 |                                |                |                               |                                        | (6,594)         |
| Consolidated operating profit                                 |                                |                |                               |                                        | 57,823          |
| Other revenue                                                 |                                |                |                               |                                        | 323             |
| <b>Consolidated EBITDA</b>                                    |                                |                |                               |                                        | <b>58,146</b>   |
| Depreciation and amortisation                                 |                                |                |                               |                                        | (11,295)        |
| Consolidated EBIT                                             |                                |                |                               |                                        | 46,851          |
| Net interest - revenue                                        |                                |                |                               |                                        | (212)           |
| Consolidated Net profit before tax                            |                                |                |                               |                                        | 46,639          |
| Income tax expense                                            |                                |                |                               |                                        | (15,070)        |
| <b>Consolidated Net profit after tax (see Profit or Loss)</b> |                                |                |                               |                                        | <b>31,569</b>   |

| 2022                                                          | Lottery<br>Retailing<br>\$'000 | SaaS<br>\$'000 | Managed<br>Services<br>\$'000 | Intersegment<br>eliminations<br>\$'000 | Total<br>\$'000 |
|---------------------------------------------------------------|--------------------------------|----------------|-------------------------------|----------------------------------------|-----------------|
| Total segment sales revenue from external customers           | 91,098                         | 8,318          | 4,835                         | -                                      | 104,251         |
| Intersegment sales revenue                                    | -                              | 34,390         | -                             | (34,390)                               | -               |
| <b>Total segment sales revenue</b>                            | <b>91,098</b>                  | <b>42,708</b>  | <b>4,835</b>                  | <b>(34,390)</b>                        | <b>104,251</b>  |
| Cost of Sales                                                 | (48,002)                       | (317)          | (544)                         | 34,390                                 | (14,473)        |
| Gross Profit                                                  | 43,096                         | 42,391         | 4,291                         | -                                      | 89,778          |
| Finance costs                                                 | -                              | -              | (10)                          | -                                      | (10)            |
| Employee benefits expense                                     | (2,937)                        | (9,427)        | (2,230)                       | -                                      | (14,594)        |
| Directors' remuneration                                       | (7)                            | -              | -                             | -                                      | (7)             |
| Consultancy and legal expenses                                | (20)                           | (112)          | (16)                          | -                                      | (148)           |
| Marketing expenses                                            | (7,850)                        | (463)          | (252)                         | -                                      | (8,565)         |
| Corporate expenses                                            | (1)                            | (1)            | (151)                         | -                                      | (153)           |
| Technology expenses                                           | (163)                          | (1,369)        | (148)                         | -                                      | (1,680)         |
| Office expenses                                               | (128)                          | (210)          | (131)                         | -                                      | (469)           |
| Other expenses                                                | (1,878)                        | (1,865)        | (509)                         | -                                      | (4,252)         |
| Operating expenses                                            | (12,984)                       | (13,447)       | (3,447)                       | -                                      | (29,878)        |
| <b>EBITDA</b>                                                 | <b>30,112</b>                  | <b>28,944</b>  | <b>844</b>                    | <b>-</b>                               | <b>59,900</b>   |
| <b>Reconciliation to Statutory Consolidated results</b>       |                                |                |                               |                                        |                 |
| <b>Total segments revenue</b>                                 |                                |                |                               |                                        | 104,251         |
| <b>Consolidated Revenue (see Note 2)</b>                      |                                |                |                               |                                        | <b>104,251</b>  |
| <b>Total segment EBITDA</b>                                   |                                |                |                               |                                        | <b>59,900</b>   |
| <i>Other reconciling items (Corporate)</i>                    |                                |                |                               |                                        |                 |
| Finance costs                                                 |                                |                |                               |                                        | (164)           |
| Employee benefits expense                                     |                                |                |                               |                                        | (1,263)         |
| Share-based payments                                          |                                |                |                               |                                        | (1,339)         |
| Directors' remuneration                                       |                                |                |                               |                                        | (483)           |
| Consultancy and legal expenses                                |                                |                |                               |                                        | (1,210)         |
| Marketing expenses                                            |                                |                |                               |                                        | (32)            |
| Corporate expenses                                            |                                |                |                               |                                        | (571)           |
| Other expenses                                                |                                |                |                               |                                        | (28)            |
| Fair value movement on financial liabilities                  |                                |                |                               |                                        | (1,760)         |
| Total other reconciling items                                 |                                |                |                               |                                        | (6,850)         |
| Consolidated operating profit                                 |                                |                |                               |                                        | 53,050          |
| Other revenue                                                 |                                |                |                               |                                        | 995             |
| <b>Consolidated EBITDA</b>                                    |                                |                |                               |                                        | <b>54,045</b>   |
| Depreciation and amortisation                                 |                                |                |                               |                                        | (8,742)         |
| Consolidated EBIT                                             |                                |                |                               |                                        | 45,303          |
| Net interest - revenue                                        |                                |                |                               |                                        | (66)            |
| Consolidated Net profit before tax                            |                                |                |                               |                                        | 45,237          |
| Income tax expense                                            |                                |                |                               |                                        | (14,061)        |
| <b>Consolidated Net profit after tax (see Profit or Loss)</b> |                                |                |                               |                                        | <b>31,176</b>   |

## (c) Other segment information

### Geographical information

The Company is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located.

| Total revenue and other income from external customers | Consolidated Group |                |
|--------------------------------------------------------|--------------------|----------------|
|                                                        | 2023<br>\$'000     | 2022<br>\$'000 |
| Australia (domicile)                                   | 96,288             | 95,650         |
| United Kingdom                                         | 11,108             | 4,159          |
| Canada                                                 | 8,127              | 618            |
| Fiji                                                   | 1,030              | 940            |
| Other                                                  | 2,998              | 3,942          |
|                                                        | 119,551            | 105,309        |

Non-current assets in Australia are \$52,990,000 (2022: \$33,455,000). Non-current assets in other countries are (i) United Kingdom \$7,301,000 (2022: \$7,156,000), (ii) Canada \$13,329,000 (2022: \$13,749,000) and (iii) Fiji \$3,000 (2022: \$4,000). Non-current assets exclude financial instruments and deferred tax assets.

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets, and rights under insurance contracts.

The Lottery Corporation generates more than 10% of total revenue.

## Note 2: Revenue and other income

The Group reports revenue from the sale of lottery tickets and related services on a net revenue inflow basis where it considers that it acts more as an Agent than as a Principal such as with the sale of lottery tickets. The gross amount received for the sale of goods and rendering of services is advised as Total Transaction Value ("TTV") for information purposes.

|                                                   | Consolidated Group |                |
|---------------------------------------------------|--------------------|----------------|
|                                                   | 2023<br>\$'000     | 2022<br>\$'000 |
| <i>Sales revenue</i>                              |                    |                |
| – Revenue from sale of goods <sup>1</sup>         | 811                | 1,514          |
| – Revenue from rendering of services <sup>1</sup> | 117,901            | 102,737        |
| Total sales revenue                               | 118,712            | 104,251        |
| <i>Other revenue/income</i>                       |                    |                |
| – Interest                                        | 516                | 63             |
| Other income                                      |                    |                |
| – Foreign exchange gains                          | 258                | 457            |
| – Profit on disposal of entity <sup>2</sup>       | –                  | 525            |
| – Other                                           | 65                 | 13             |
| Total other revenue/income                        | 839                | 1,058          |
|                                                   | 119,551            | 105,309        |

<sup>1</sup>The Consolidated Entity derives revenue from the transfer of goods and services at a point-in-time.

<sup>2</sup>Wholly owned subsidiary Intellitron Pty Ltd was sold on 30 June 2022.

## Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by main geographic markets, customer type and main products and services. The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

| 2023                                                                 | Lottery<br>Retailing<br>\$'000 | SaaS<br>\$'000 | Managed<br>Services<br>\$'000 | Intersegment<br>Eliminations<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------------------|--------------------------------|----------------|-------------------------------|----------------------------------------|-----------------|
| <b>Main geographic markets</b>                                       |                                |                |                               |                                        |                 |
| Australia (domicile)                                                 | 87,259                         | 41,990         | 100                           | (33,683)                               | 95,666          |
| United Kingdom                                                       | -                              | 403            | 10,543                        | -                                      | 10,946          |
| Canada                                                               | -                              | -              | 8,072                         | -                                      | 8,072           |
| Fiji                                                                 | 1,030                          | -              | -                             | -                                      | 1,030           |
| Other                                                                | 2,998                          | -              | -                             | -                                      | 2,998           |
|                                                                      | <b>91,287</b>                  | <b>42,393</b>  | <b>18,715</b>                 | <b>(33,683)</b>                        | <b>118,712</b>  |
| <b>Customer type</b>                                                 |                                |                |                               |                                        |                 |
| B2C                                                                  | 91,287                         | -              | -                             | -                                      | 91,287          |
| B2B                                                                  | -                              | 38,829         | 18,715                        | (33,683)                               | 23,861          |
| B2G                                                                  | -                              | 3,564          | -                             | -                                      | 3,564           |
|                                                                      | <b>91,287</b>                  | <b>42,393</b>  | <b>18,715</b>                 | <b>(33,683)</b>                        | <b>118,712</b>  |
| <b>Main products and services</b>                                    |                                |                |                               |                                        |                 |
| Draw lottery games                                                   | 86,590                         | -              | -                             | -                                      | 86,590          |
| Charity lottery games                                                | 2,549                          | -              | -                             | -                                      | 2,549           |
| Instant win games                                                    | 777                            | -              | -                             | -                                      | 777             |
| Software licencing fees                                              | -                              | 42,393         | -                             | (33,683)                               | 8,710           |
| Lottery management services                                          | -                              | -              | 18,715                        | -                                      | 18,715          |
| Miscellaneous                                                        | 1,371                          | -              | -                             | -                                      | 1,371           |
|                                                                      | <b>91,287</b>                  | <b>42,393</b>  | <b>18,715</b>                 | <b>(33,683)</b>                        | <b>118,712</b>  |
| Other revenue/income                                                 |                                |                |                               |                                        | 839             |
| <b>External revenue and other income as reported in Note 2 above</b> |                                |                |                               |                                        | <b>119,551</b>  |
| 2022                                                                 | Lottery<br>Retailing<br>\$'000 | SaaS<br>\$'000 | Managed<br>Services<br>\$'000 | Intersegment<br>Eliminations<br>\$'000 | Total<br>\$'000 |
| <b>Main geographic markets</b>                                       |                                |                |                               |                                        |                 |
| Australia (domicile)                                                 | 86,217                         | 42,618         | 148                           | (34,390)                               | 94,593          |
| United Kingdom                                                       | -                              | 90             | 4,069                         | -                                      | 4,159           |
| Canada                                                               | -                              | -              | 618                           | -                                      | 618             |
| Fiji                                                                 | 940                            | -              | -                             | -                                      | 940             |
| Other                                                                | 3,941                          | -              | -                             | -                                      | 3,941           |
|                                                                      | <b>91,098</b>                  | <b>42,708</b>  | <b>4,835</b>                  | <b>(34,390)</b>                        | <b>104,251</b>  |
| <b>Customer type</b>                                                 |                                |                |                               |                                        |                 |
| B2C                                                                  | 91,098                         | -              | -                             | -                                      | 91,098          |
| B2B                                                                  | -                              | 39,415         | 4,835                         | (34,390)                               | 9,860           |
| B2G                                                                  | -                              | 3,293          | -                             | -                                      | 3,293           |
|                                                                      | <b>91,098</b>                  | <b>42,708</b>  | <b>4,835</b>                  | <b>(34,390)</b>                        | <b>104,251</b>  |
| <b>Main products and services</b>                                    |                                |                |                               |                                        |                 |
| Draw lottery games                                                   | 85,513                         | -              | -                             | -                                      | 85,513          |
| Charity lottery games                                                | 2,979                          | -              | -                             | -                                      | 2,979           |
| Instant win games                                                    | 701                            | -              | -                             | -                                      | 701             |
| Software licencing fees                                              | -                              | 42,708         | -                             | (34,390)                               | 8,318           |
| Lottery management services                                          | -                              | -              | 4,835                         | -                                      | 4,835           |
| Miscellaneous                                                        | 1,905                          | -              | -                             | -                                      | 1,905           |
|                                                                      | <b>91,098</b>                  | <b>42,708</b>  | <b>4,835</b>                  | <b>(34,390)</b>                        | <b>104,251</b>  |
| Other revenue/income                                                 |                                |                |                               |                                        | 1,058           |
| <b>External revenue and other income as reported in Note 2 above</b> |                                |                |                               |                                        | <b>105,309</b>  |



## Recognition and measurement

The following specific recognition criteria must also be met before revenue is recognised:

### Sale of Goods and/or Rendering of Services

Revenue from sale of goods and/or rendering of services is recognised when control of the goods or services is transferred to the buyer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and/or services. Control is the ability of the customer to direct the use of, and obtain substantially all of the remaining benefits from, an asset. Indicators that control has passed includes that the customer has (i) a present obligation to pay, (ii) physical possession of the asset(s), (iii) legal title, (iv) risk and rewards of ownership, and (v) accepted the asset(s).

**Lottery Retailing revenue** includes agent commission received from The Lottery Corporation and administration fees received from customers at the time an entry is purchased by the customer in Draw Lottery Games, Charity Lottery Games and Instant Win Games. Revenue is derived at a point-in-time with payment terms of 7 days and immediately.

**SaaS revenue** includes the development, supply and maintenance of proprietary software-as-a-service (SaaS) for authorised Business, Charity and Government lotteries and is recognised as the software licence fee received from customers once the service has been rendered. Revenue is derived at a point-in-time with payment terms of 14 days after invoice date.

**Managed services revenue** is recognised as the commission or service fee received from customers when the official draw for each lottery is completed or once the service has been rendered, including the provision of SaaS-related services in the lottery market on an international basis. This includes Gatherwell using their proprietary lottery software platform to provide 'lottery-in-a-box' lottery management services to society lotteries in the UK, StarVale providing a full range of weekly lottery, raffle and prize draw services in the UK, and Stride using their proprietary lottery software platform and digital payments solution to provide lottery project management services to charities in Canada. Revenue is derived at a point-in-time with payment terms of between date of invoice to 14 days after invoice date.

### Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

### Profit on disposal of entity

Revenue is recognised at the time of Completion as the sale proceeds received less the net assets disposed.

## Note 3: Expenses

Profit before income tax includes the following specific expenses:

|                                    | Consolidated Group |        |
|------------------------------------|--------------------|--------|
|                                    | 2023               | 2022   |
|                                    | \$'000             | \$'000 |
| <b>Cost of sales</b>               |                    |        |
| – Sale of goods                    | 677                | 789    |
| – Rendering of services            | 17,276             | 13,684 |
| <i>Total cost of sales</i>         | 17,953             | 14,473 |
| <b>Administration expenses</b>     |                    |        |
| Depreciation of non-current assets |                    |        |
| – Plant and equipment              | 269                | 178    |

|                                                   | <b>Consolidated Group</b> |               |
|---------------------------------------------------|---------------------------|---------------|
|                                                   | <b>2023</b>               | <b>2022</b>   |
|                                                   | <b>\$'000</b>             | <b>\$'000</b> |
| Amortisation of non-current assets                |                           |               |
| – Leasehold improvements                          | 37                        | 37            |
| – Intangibles                                     | 9,749                     | 7,474         |
| – Right-of-use assets                             | 1,240                     | 1,053         |
| <i>Total depreciation and amortisation</i>        | <b>11,295</b>             | <b>8,742</b>  |
| Other administration expenses                     |                           |               |
| – Employee benefit expense                        | 18,870                    | 14,277        |
| – Share-based payments expense                    | 1,136                     | 1,339         |
| – Defined contribution superannuation expense     | 2,155                     | 1,580         |
| – Other administration expenses                   | 13,345                    | 10,519        |
| <i>Total administrative expenses</i>              | <b>46,801</b>             | <b>36,457</b> |
| <b>Finance costs</b>                              |                           |               |
| Interest expense on lease liabilities             | 728                       | 129           |
| Other costs of finance                            | 47                        | 174           |
| <i>Finance costs expensed</i>                     | <b>775</b>                | <b>303</b>    |
| <b>Occupancy expenses</b>                         |                           |               |
| – Short-term lease rentals minimum lease payments | 291                       | 146           |
| Fair value movement on financial liabilities      | -                         | -             |

## Note 4: Income tax

### Current tax

| <b>Current</b>       | <b>2023</b>   | <b>Consolidated 2022</b> |
|----------------------|---------------|--------------------------|
|                      | <b>\$'000</b> | <b>\$'000</b>            |
| Income tax liability | 2,599         | 613                      |

### (a) Income tax expense

|                                                   | <b>Note</b> | <b>Consolidated 2023</b> | <b>2022</b>   |
|---------------------------------------------------|-------------|--------------------------|---------------|
|                                                   |             | <b>\$'000</b>            | <b>\$'000</b> |
| <i>The components of tax expense comprise:</i>    |             |                          |               |
| – Current tax                                     |             | 13,578                   | 12,805        |
| – Deferred tax                                    | 4(b)        | 1,367                    | 971           |
| – Underprovision of tax in prior years            |             | 4                        | 55            |
| – Current tax relating to overseas operations     |             | 567                      | 230           |
| – Deferred tax relating to overseas operations    | 4(b)        | (446)                    | -             |
| <b>Total income tax expense in profit or loss</b> |             | <b>15,070</b>            | <b>14,061</b> |
| <i>Reconciliation</i>                             |             |                          |               |
| Profit before income tax expense                  |             | 46,639                   | 45,237        |
| – Tax at the Australian tax rate 30% (2022:30%)   |             | 13,992                   | 13,571        |
| – Income tax effect of overseas tax rates         |             | (717)                    | (116)         |
| – Share options expensed during year              |             | 341                      | 402           |
| – Other                                           |             | 1,454                    | 204           |
| <b>Total income tax expense in profit or loss</b> |             | <b>15,070</b>            | <b>14,061</b> |

<sup>1</sup> Includes a one-off tax charge of \$861,000 in FY23 due to a change in the accounting and tax treatment of the capitalised \$15 million extension fee paid under the Reseller Agreements with The Lottery Corporation in August 2020 – please refer to Note 11 for further detail.

## (b) Deferred tax

| Deferred tax liabilities (DTL)                                                                       | Opening balance<br>\$'000 | Charged to Profit or Loss<br>\$'000 | Charged directly to equity<br>\$'000 | Adjustment on acquisition<br>\$'000 | Foreign exchange differences<br>\$'000 | Closing balance<br>\$'000 |
|------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|--------------------------------------|-------------------------------------|----------------------------------------|---------------------------|
| Deferred tax liabilities comprise temporary differences recognised in the profit or loss as follows: |                           |                                     |                                      |                                     |                                        |                           |
| Intangible assets                                                                                    |                           |                                     |                                      |                                     |                                        |                           |
| – Amortisation                                                                                       | 1,404                     | 1,251                               | –                                    | –                                   | –                                      | 2,655                     |
| Accruals                                                                                             | 48                        | 1                                   | –                                    | –                                   | –                                      | 49                        |
| Other                                                                                                | –                         | –                                   | 2                                    | 2,348                               | 12                                     | 2,362                     |
| <b>Balance as at 30 June 2022</b>                                                                    | <b>1,452</b>              | <b>1,252</b>                        | <b>2</b>                             | <b>2,348</b>                        | <b>12</b>                              | <b>5,066</b>              |
| Intangible assets                                                                                    |                           |                                     |                                      |                                     |                                        |                           |
| – Amortisation                                                                                       | 2,655                     | 1,103                               | –                                    | –                                   | –                                      | 3,758                     |
| Accruals                                                                                             | 49                        | (4)                                 | –                                    | –                                   | –                                      | 45                        |
| Other                                                                                                | 2,362                     | (444)                               | –                                    | 3,316                               | 185                                    | 5,419                     |
| <b>Balance as at 30 June 2023</b>                                                                    | <b>5,066</b>              | <b>655</b>                          | <b>–</b>                             | <b>3,316</b>                        | <b>185</b>                             | <b>9,222</b>              |

| Deferred tax assets (DTA)                                                                       | Opening balance<br>\$'000 | Charged to Profit or Loss<br>\$'000 | Charged directly to equity<br>\$'000 | Closing balance<br>\$'000 |
|-------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|--------------------------------------|---------------------------|
| Deferred tax assets comprise temporary differences recognised in the profit or loss as follows: |                           |                                     |                                      |                           |
| Property, plant and equipment                                                                   |                           |                                     |                                      |                           |
| – Depreciation                                                                                  | 183                       | (39)                                | –                                    | 144                       |
| Accruals                                                                                        | 368                       | 356                                 | –                                    | 724                       |
| Provisions                                                                                      | 828                       | 33                                  | –                                    | 861                       |
| Other                                                                                           | 168                       | (69)                                | –                                    | 99                        |
| <b>Balance as at 30 June 2022</b>                                                               | <b>1,547</b>              | <b>281</b>                          | <b>–</b>                             | <b>1,828</b>              |
| Property, plant and equipment                                                                   |                           |                                     |                                      |                           |
| – Depreciation                                                                                  | 144                       | 9                                   | –                                    | 153                       |
| Accruals                                                                                        | 724                       | (420)                               | –                                    | 304                       |
| Provision                                                                                       | 861                       | 162                                 | –                                    | 1,023                     |
| Other                                                                                           | 99                        | (18)                                | 338                                  | 419                       |
| <b>Balance as at 30 June 2023</b>                                                               | <b>1,828</b>              | <b>(267)</b>                        | <b>338</b>                           | <b>1,899</b>              |

## Recognition and measurement

### Current taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

### Deferred taxes

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

### Tax consolidation

Jumbo Interactive Limited and its wholly owned Australian controlled subsidiaries are part of a tax consolidated group under Australian taxation law since 1 July 2006. Jumbo Interactive Limited is the head entity in the tax consolidated group. Entities within the tax consolidation group have entered into a tax funding agreement (**TFA**) and tax sharing deed (**TSD**) with the head entity. Under the terms of the TFA, Jumbo Interactive Limited and each of the entities in the tax consolidation group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

## Note 5: Earnings per share (EPS)

### (a) Basic earnings per share

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding.

### (b) Diluted earnings per share

Diluted EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding after adjusted for the effects of dilutive potential ordinary shares.

## (c) Profit after tax attributable to owners of the Company used as numerator

|                                                  | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------------|--------------------------------|----------------|
| Profit attributable to the owners of the Company | 31,569                         | 31,176         |

## (d) Weighted average number of shares used as denominator

|                                                                                               | Consolidated<br>2023<br>Number | 2022<br>Number |
|-----------------------------------------------------------------------------------------------|--------------------------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic EPS   | 62,925,396                     | 62,537,615     |
| Adjustments for calculation of diluted EPS:                                                   |                                |                |
| – Options and rights                                                                          | 320,844                        | 659,619        |
| Weighted average number of ordinary shares used as the denominator in calculating diluted EPS | 63,246,240                     | 63,197,234     |

All outstanding options and some performance rights were included in the number of weighted average number of ordinary shares used to calculate diluted earnings per share because they are currently 'in-the-money'.



# OPERATING ASSETS AND LIABILITIES

## In this section

Operating assets and liabilities provides information about the working capital of the Group and major balance sheet items, including the accounting policies, judgements and estimates relevant to understanding these items.

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## Note 6: Cash and cash equivalents

|                                          | Note | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------|------|--------------------------------|----------------|
| (a) Cash and cash equivalents            |      |                                |                |
| Total cash and cash equivalents          |      | 53,190                         | 68,930         |
| Included in the above balance:           |      |                                |                |
| General account balances                 | 15   | 41,226                         | 60,015         |
| Online lottery customer account balances | 12   | 11,964                         | 8,915          |
|                                          |      | 53,190                         | 68,930         |

Online lottery customer account balances are deposits and prize winnings earmarked for payment to customers on demand.

At the end of 30 June 2023, \$1,317,000 (2022: \$1,153,000) was held in trust for the payment of prizes and charity distributions relating to the Gatherwell business, and neither the cash nor the corresponding liability is recognised in the Statement of Financial Position.

## Recognition and measurement

Cash and cash equivalents include cash on hand, and deposits held 'at call' and with original maturities of three months or less, with financial institutions.

|                                                                                     | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------------------------------|--------------------------------|----------------|
| <b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b> |                                |                |
| Profit for the year after income tax                                                | 31,569                         | 31,176         |
| <b>Non-cash flows</b>                                                               |                                |                |
| Amortisation                                                                        | 11,026                         | 8,564          |
| Depreciation                                                                        | 269                            | 178            |
| Fair value movement on contingent consideration                                     | 499                            | -              |
| Share option expense                                                                | 1,098                          | 1,339          |

|                                                                                                                 | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|
| Gain on sale of subsidiary                                                                                      | -                              | (525)          |
| Net foreign exchange effects - (gain)/loss                                                                      | (494)                          | 278            |
| <b>Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b> |                                |                |
| Increase in trade receivables                                                                                   | (589)                          | (204)          |
| Decrease in other receivables                                                                                   | 1,015                          | (1,739)        |
| Decrease/(increase) in inventories                                                                              | 2                              | (15)           |
| Increase in DTA                                                                                                 | (72)                           | (281)          |
| Increase in trade payables                                                                                      | 592                            | 66             |
| Increase in other payables                                                                                      | 2,724                          | 4,831          |
| Increase in other provisions                                                                                    | 538                            | 142            |
| Increase in DTL                                                                                                 | 1,146                          | 1,254          |
| Increase/(decrease) in provision for income tax                                                                 | 1,986                          | (96)           |
| Increase/(decrease) in foreign exchange reserve                                                                 | 3,322                          | (775)          |
| Cash flow from operations                                                                                       | 54,631                         | 44,193         |

## Note 7: Trade and other receivables

|                              | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------|--------------------------------|----------------|
| Trade receivables            | 4,846                          | 1,331          |
| Allowance for doubtful debts | -                              | -              |
|                              | 4,846                          | 1,331          |
| Other receivables            | 290                            | 793            |
| Prepayments                  | 2,910                          | 3,941          |
|                              | 8,046                          | 6,065          |

## Recognition and measurement

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts, and generally have repayment terms ranging from 7 to 31 days.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which requires the use of the lifetime expected loss provision for all trade receivables. Refer Note 19(b): Financial risk management for details.

## Note 8: Property, plant and equipment

|                                     | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------|--------------------------------|----------------|
| Plant and equipment – at cost       | 3,461                          | 3,102          |
| Accumulated depreciation            | (3,049)                        | (2,530)        |
|                                     | 412                            | 572            |
| Leasehold improvements – at cost    | 786                            | 777            |
| Accumulated amortisation            | (692)                          | (654)          |
|                                     | 94                             | 123            |
| Total property, plant and equipment | 506                            | 695            |

## Movements in carrying amounts

| Consolidated Group                        | Plant and equipment<br>\$'000 | Leasehold Improvements<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|-------------------------------|----------------------------------|-----------------|
| <b>2022</b>                               |                               |                                  |                 |
| Balance at the beginning of year          | 236                           | 160                              | 396             |
| Additions                                 | 326                           | -                                | 326             |
| Additions through acquisition             | 186                           | -                                | 186             |
| Disposals                                 | (4)                           | -                                | (4)             |
| Effects of movements in foreign exchange  | 6                             | -                                | 6               |
| Depreciation/amortisation expense         | (178)                         | (37)                             | (215)           |
| <b>Carrying amount at the end of year</b> | <b>572</b>                    | <b>123</b>                       | <b>695</b>      |
| <b>2023</b>                               |                               |                                  |                 |
| Balance at the beginning of year          | 572                           | 123                              | 695             |
| Additions                                 | 167                           | 8                                | 175             |
| Additions through acquisition             | 382                           | -                                | 382             |
| Disposals                                 | (364)                         | -                                | (364)           |
| Effects of movements in foreign exchange  | (76)                          | -                                | (76)            |
| Depreciation/amortisation expense         | (269)                         | (37)                             | (306)           |
| <b>Carrying amount at the end of year</b> | <b>412</b>                    | <b>94</b>                        | <b>506</b>      |

## Recognition and measurement

### (i) Initial recognition and measurement

#### Property, plant and equipment

Property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

### (ii) Subsequent costs

Improvements to leasehold property are recognised as a separate asset.

All repairs and maintenance are charged to the profit or loss during the reporting period in which they occur.

### (iii) Depreciation and amortisation

Property, plant and equipment are depreciated or amortised from the date of acquisition, or, in respect of internally generated assets, from the time an asset is held ready for use.

Plant and equipment are depreciated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives.

Leasehold improvements are amortised over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

The depreciation and amortisation rates used during the year were based on the following range of useful lives.

|                        |                   |
|------------------------|-------------------|
| Plant and equipment    | Two to five years |
| Leasehold improvements | Up to six years   |

The depreciation and amortisation rates are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

#### (iv) Derecognition

An item of property, plant or equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal.

Gains and losses on disposal are calculated as the difference between the net disposal proceeds and the asset's carrying value and are included in profit or loss in the year that the item is derecognised.

## Note 9: Intangible assets

|                                                         | Consolidated  |               |
|---------------------------------------------------------|---------------|---------------|
|                                                         | 2023          | 2022          |
|                                                         | \$'000        | \$'000        |
| Goodwill                                                | 30,409        | 14,660        |
| Accumulated impairment losses                           | (855)         | (855)         |
| <b>Net carrying value</b>                               | <b>29,554</b> | <b>13,805</b> |
| Intellectual property                                   | 23            | 23            |
| Accumulated impairments loss                            | (23)          | (23)          |
| <b>Net carrying value</b>                               | <b>-</b>      | <b>-</b>      |
| Website development costs                               | 55,690        | 49,338        |
| Accumulated amortisation                                | (40,588)      | (35,057)      |
| <b>Net carrying value</b>                               | <b>15,102</b> | <b>14,281</b> |
| Customer contracts and relationships costs <sup>1</sup> | 25,391        | 9,169         |
| Accumulated amortisation                                | (2,896)       | (705)         |
| <b>Net carrying value</b>                               | <b>22,495</b> | <b>8,464</b>  |
| Software costs                                          | 2,735         | 1,731         |
| Accumulated amortisation                                | (1,046)       | (554)         |
| <b>Net carrying value</b>                               | <b>1,689</b>  | <b>1,177</b>  |
| Domain names – cost                                     | 915           | 915           |
| Accumulated impairment losses                           | (62)          | (62)          |
| <b>Net carrying value</b>                               | <b>853</b>    | <b>853</b>    |
| Other                                                   | 260           | 226           |
| Accumulated amortisation                                | (179)         | (126)         |
| <b>Net carrying value</b>                               | <b>81</b>     | <b>100</b>    |
| <b>Total intangibles</b>                                | <b>69,774</b> | <b>38,680</b> |

<sup>1</sup> The increase in customer contracts and relationship costs reflects the acquisition of StarVale (\$14 million).

## Significant judgements and estimates

### Impairment assessment of goodwill and domain names

A key judgement by management with regards to the (i) Lottery Retailing Cash Generating Unit (**CGU**) is that the reseller agreements with The Lottery Corporation will continue, (ii) Software-as-a-Service CGU is that software licence agreements with customers will continue, and (iii) Managed Services CGU is that the lottery management agreements with customers will continue. The key assumptions used for value-in-use calculations are discussed further in Note 9(b). Goodwill and domain names are tested for impairment half yearly.

### Impairment assessment of other intangible assets

The Group considers half yearly whether there have been any indicators of impairment and then tests whether non-current assets have incurred any impairment in accordance with the accounting policy.

### Estimated useful life of website development costs

Management estimates the useful life of intangible assets-website development costs based on the expected period of time over which economic benefits from the use of the asset will be derived. Management reviews useful life assumptions on an annual basis having given consideration to variables including historical and forecast usage rates, technological advancements and changes in legal and economic conditions.

The amortisation period relating to the website developments costs is five years.

### Estimated useful life of customer contracts and relationships

Management estimates the useful life of intangible assets-customer contracts and relationships based on the expected period of time over which economic benefits from the use of the asset will be derived. Management reviews useful life assumptions on an annual basis having given consideration to variables including any changes in customer contract terms and conditions, customer net attrition, and changes in legal and economic conditions.

The amortisation period relating to customer contracts and relationships is ten years.

## Domain names

Domain names have an indefinite useful life because:

- there is no time limit on the expected usage of the domain names;
- licence renewal is automatic on payment of the renewal fee without satisfaction of further renewal conditions;
- the cost is not significant when compared with future economic benefits expected to flow from renewal. As such, the useful life can include the renewal period; and
- since there is no limit on the number of times the licence can be renewed this leads to the assessment of "indefinite" useful life.

This assessment has been based on:

- technical, technological, commercial and other types of obsolescence;
- the stability of the industry in which the asset operates and changes in the market demand for the products and/or services output from the asset;
- the level of maintenance expenditure required to obtain the expected future economic benefits from the asset and the entity's ability and intention to reach such a level; and
- the period of control over the asset and legal or similar limits on the use of the asset.



## (a) Movements in carrying values

### Consolidated Group

| 2022                                     | Goodwill<br>\$'000 | Intellectual<br>property<br>\$'000 | Website<br>develop-<br>ment costs<br>\$'000 | Customer<br>contracts<br>and<br>relation-<br>ships<br>\$'000 | Software<br>\$'000 | Domain<br>names<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|------------------------------------------|--------------------|------------------------------------|---------------------------------------------|--------------------------------------------------------------|--------------------|---------------------------|-----------------|-----------------|
| Balance at the beginning of the year     | 9,278              | 30                                 | 14,240                                      | 884                                                          | 564                | 844                       | 15              | 25,855          |
| Additions                                | -                  | -                                  | -                                           | -                                                            | -                  | 9                         | -               | 9               |
| Additions through acquisitions           | 4,785              | -                                  | -                                           | 7,892                                                        | 806                | -                         | 88              | 13,571          |
| Additions internally developed           | -                  | -                                  | 5,706                                       | -                                                            | -                  | -                         | -               | 5,706           |
| Disposal through sale of entity          | -                  | (30)                               | (196)                                       | -                                                            | -                  | -                         | -               | (226)           |
| Amortisation charge                      | -                  | -                                  | (5,469)                                     | (323)                                                        | (178)              | -                         | (4)             | (5,974)         |
| Effects of movements in foreign exchange | (258)              | -                                  | -                                           | 11                                                           | (15)               | -                         | 1               | (261)           |
| <b>Closing value at 30 June 2022</b>     | <b>13,805</b>      | <b>-</b>                           | <b>14,281</b>                               | <b>8,464</b>                                                 | <b>1,177</b>       | <b>853</b>                | <b>100</b>      | <b>38,680</b>   |
| 2023                                     |                    |                                    |                                             |                                                              |                    |                           |                 |                 |
| Balance at the beginning of the year     | 13,805             | -                                  | 14,281                                      | 8,464                                                        | 1,177              | 853                       | 100             | 38,680          |
| Additions                                | -                  | -                                  | -                                           | -                                                            | -                  | -                         | -               | -               |
| Additions through acquisitions           | 14,445             | -                                  | -                                           | 16,043                                                       | 931                | -                         | 34              | 31,453          |
| Additions internally developed           | -                  | -                                  | 6,558                                       | -                                                            | -                  | -                         | -               | 6,558           |
| Disposal through sale of entity          | -                  | -                                  | -                                           | -                                                            | -                  | -                         | -               | -               |
| Amortisation charge                      | -                  | -                                  | (5,736)                                     | (2,053)                                                      | (438)              | -                         | (50)            | (8,277)         |
| Effects of movements in foreign exchange | 1,304              | -                                  | -                                           | 41                                                           | 19                 | -                         | (4)             | 1,360           |
| <b>Closing value at 30 June 2023</b>     | <b>29,554</b>      | <b>-</b>                           | <b>15,103</b>                               | <b>22,495</b>                                                | <b>1,689</b>       | <b>853</b>                | <b>80</b>       | <b>69,774</b>   |

## (b) Impairment testing of Cash-Generating Units (CGU)

### Recognition and measurement

#### Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

## Intellectual Property

Acquired intellectual property is stated at cost and is measured at cost less any accumulated impairment losses. Intellectual property is considered to have an indefinite useful life and is not amortised. The carrying value of intellectual property is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in profit or loss. Any reversal of impairment losses of intellectual property is recognised in profit or loss.

## Website Developments Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use; ability to use the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs have a finite life and are amortised on a straight-line basis matched to the future economic benefits over the useful life of the project of five years. This is included as part of the carrying amount of SaaS CGU.

## Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 5 and 10 years.

The Reseller Agreements with The Lottery Corporation Limited (**TLC**), which were extended for a further 10 years in August 2020 (**Agreement**) for \$15,000,000 (2022: \$15,000,000) has been represented as other non-current assets to conform with current year disclosure. This is included as part of the carrying amount of the relevant CGU.

## Software

Software acquired in a business combination is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. This is included as part of the carrying amount of the relevant CGU.

## Domain Names

Acquired domain names are stated at cost and are considered to have indefinite useful lives and are not amortised. The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment. The carrying value of domain names is tested semi-annually at each reporting date for impairment.

## Goodwill and Indefinite Life Intangibles allocated to CGUs

|              | Lottery Retailing |        | SaaS   |        | Gatherwell |        | Stride |        | StarVale |        | Total  |        |
|--------------|-------------------|--------|--------|--------|------------|--------|--------|--------|----------|--------|--------|--------|
|              | 2023              | 2022   | 2023   | 2022   | 2023       | 2022   | 2023   | 2022   | 2023     | 2022   | 2023   | 2022   |
|              | \$'000            | \$'000 | \$'000 | \$'000 | \$'000     | \$'000 | \$'000 | \$'000 | \$'000   | \$'000 | \$'000 | \$'000 |
| Goodwill     | 2,831             | 2,831  | -      | -      | 6,670      | 6,165  | 5,375  | 4,809  | 14,678   | -      | 29,554 | 13,805 |
| Domain names | -                 | -      | 853    | 853    | -          | -      | -      | -      | -        | -      | 853    | 853    |

The CGUs include Lottery Retailing, Software-as-a-Service, Managed Services United Kingdom Gatherwell, Managed Services United Kingdom StarVale and Managed Services Canada.

## Lottery Retailing

Goodwill has been allocated to the Lottery Retailing CGU which is an operating segment.

The value in use calculations performed for all cash generating units use cash flow projections based on actual operating results, the Board approved budget for FY24, and forecasts drawn from FY25 to FY28 which are based on management's estimates of underlying economic conditions, past financial results, and other factors anticipated to impact the cash generating units'

performance. The terminal value of all CGU's has been forecasted using a nominal growth rate of 2% (2022: 3%) The growth rate used in these projections does not exceed the historical growth rate of the relevant CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows:

|                                                                   | 2023  | 2022   |
|-------------------------------------------------------------------|-------|--------|
| Discount rate                                                     | 17.5% | 15.75% |
| Terminal value growth rate                                        | 2.0%  | 3%     |
| TLC reseller agreements continue beyond current agreement periods |       |        |

The discount rate used is a pre-tax calculated weighted average cost of capital based on the capital asset pricing model and is specific to the relevant segment in which the unit operates. Management determined projections based on past performance and its expectations for the future. The growth rate used is consistent with those used in industry reports.

The estimated recoverable amount of the CGU exceeded the carrying amount by approximately \$243,845,000 (2022: \$214,232,000). Sensitivity analyses performed indicate a reasonably possible change in any of the key assumptions for the Lottery Retailing CGUs would not result in impairment.

Should the TLC reseller agreements be cancelled or not be extended for further periods when they expire on 25 August 2030, an impairment loss would be recognised up to the maximum carrying value of \$13,802,000 (2022: \$15,529,000).

## Software-as-a-Service

Domain names have been allocated to the Software-as-a-Service CGU which is an operating segment.

The recoverable amount of the CGU is based on a value-in-use calculation using a discounted cash flow model based on a one-year budget projection less an allocation of corporate expenses, approved by the Board and extrapolated over a five-year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relevant CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows:

|                                                                       | 2023        | 2022        |
|-----------------------------------------------------------------------|-------------|-------------|
| Discount rate                                                         | 17.5%       | 15.75%      |
| Terminal value growth rate                                            | 2%          | 3%          |
| Software licence agreements continue beyond current agreement periods |             |             |
| Annual capital expenditure                                            | \$6,679,000 | \$5,654,000 |

The discount rate used is a pre-tax calculated weighted average cost of capital based on the capital asset pricing model and is specific to the relevant segment in which the unit operates. Management determined projections based on past performance and its expectations for the future. The growth rate used is consistent with the Lottery Retailing CGU which contributes ~80% of SaaS revenue.

The estimated recoverable amount of the CGU exceeded the carrying amount by approximately \$107,949,000 (2022: \$138,545,000). Sensitivity analyses performed indicate a reasonably possible change in any of the key assumptions for the Software-as-a-Service CGUs would not result in impairment.

Should the customer contracts (which are included as part of the carrying amount) be cancelled or not be extended for further periods when they expire, an impairment loss would be recognised up to the maximum carrying value of \$17,528,000 (2022: \$17,425,000).

## Managed Services

The Managed Services is comprised of three CGUs - Managed Services UK (Gatherwell and StarVale) and Managed Services Canada (Stride).

### **Managed Services United Kingdom Gatherwell**

Goodwill has been allocated to the Managed Services United Kingdom Gatherwell CGU which is an operating segment.

The recoverable amount of the CGU is based on a value-in-use calculation using a discounted cash flow model based on a one-year budget projection less an allocation of corporate expenses, approved by the Board and extrapolated over a five-year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relevant CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows:

|                                                                         | 2023  | 2022   |
|-------------------------------------------------------------------------|-------|--------|
| Discount rate                                                           | 17.9% | 15.75% |
| Terminal value growth rate                                              | 2%    | 3%     |
| Lottery management agreements continue beyond current agreement periods |       |        |

The discount rate used is a pre-tax calculated weighted average cost of capital based on the capital asset pricing model and is specific to the relevant segment in which the unit operates. Management determined projections based on past performance and its expectations for the future. The growth rate used is consistent with those used in industry reports.

The estimated recoverable amount of the CGU exceeded the carrying amount by approximately \$2,020,312 (2022: \$4,995,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

|                                | Change required for carrying amount to equal recoverable amount |         |
|--------------------------------|-----------------------------------------------------------------|---------|
|                                | 2023                                                            | 2022    |
| Discount rate                  | 1.00ppt                                                         | 2.25ppt |
| Budgeted cash flow growth rate | -                                                               | (16.9%) |
| TTV Growth                     | (2.00%)                                                         | NA      |

#### Managed Services United Kingdom StarVale

Goodwill has been allocated to the Managed Services United Kingdom StarVale CGU which is an operating segment.

The recoverable amount of the CGU is based on a value-in-use calculation using a discounted cash flow model based on a one-year budget projection less an allocation of corporate expenses, approved by the Board and extrapolated over a five-year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relevant CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows:

|                                                                         | 2023  | 2022 |
|-------------------------------------------------------------------------|-------|------|
| Discount rate                                                           | 17.9% | NA   |
| Terminal value growth rate                                              | 2%    | NA   |
| Lottery management agreements continue beyond current agreement periods |       |      |

The discount rate used is a pre-tax calculated weighted average cost of capital based on the capital asset pricing model and is specific to the relevant segment in which the unit operates. Management determined projections based on past performance and its expectations for the future. The growth rate used is consistent with those used in industry reports.

The estimated recoverable value of the Starvale CGU remains in line with its carrying value as expected given the recent purchase of this business in an arm's length transaction. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

|               | Change required for carrying amount to equal recoverable amount |      |
|---------------|-----------------------------------------------------------------|------|
|               | 2023                                                            | 2022 |
| Discount rate | 1.00ppt                                                         | NA   |
| TTV           | (1.00%)                                                         | NA   |

#### Managed Services Canada

Goodwill has been allocated to the Managed Services Canada CGU which is an operating segment.

The recoverable amount of the CGU is based on a value-in-use calculation using a discounted cash flow model based on a one-year budget projection less an allocation of corporate expenses, approved by the Board and extrapolated over a five-year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relevant CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows:

|  | 2023 | 2022 |
|--|------|------|
|--|------|------|

|                                                                         |       |        |
|-------------------------------------------------------------------------|-------|--------|
| Discount rate                                                           | 16.1% | 15.75% |
| Terminal value growth rate                                              | 2%    | 3%     |
| Lottery management agreements continue beyond current agreement periods |       |        |

The discount rate used is a pre-tax calculated weighted average cost of capital based on the capital asset pricing model and is specific to the relevant segment in which the unit operates. Management determined projections based on past performance and its expectations for the future. The growth rate used is consistent with those used in industry reports.

The estimated recoverable amount of the CGU exceeded the carrying amount by approximately \$5,989,000 (2022: \$8,091,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

|                                | Change required for carrying amount to equal recoverable amount |         |
|--------------------------------|-----------------------------------------------------------------|---------|
|                                | 2023                                                            | 2022    |
| Discount rate                  | 3.00ppt                                                         | 2.25ppt |
| TTV                            | (3.00%)                                                         | NA      |
| Budgeted cash flow growth rate | -                                                               | (11.6%) |

## Impairment of non-financial assets

Assets are tested for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets.

The recoverable amount is the greater of the asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the specific risks of the asset.

Impairment losses are recognised in the profit or loss. Non-financial assets other than goodwill that incur impairment are reviewed for possible reversal of impairment at each reporting period.

## Note 10: Right-of-use assets

|                                    | Consolidated Group |         |
|------------------------------------|--------------------|---------|
|                                    | 2023               | 2022    |
|                                    | \$'000             | \$'000  |
| Land and buildings - right-of-use  | 7,430              | 5,796   |
| Less: Accumulated amortisation     | (4,129)            | (2,932) |
|                                    | 3,301              | 2,864   |
| Plant and equipment - right-of-use | 60                 | 166     |
| Less: Accumulated amortisation     | (19)               | (166)   |
|                                    | 40                 | -       |
|                                    | 3,342              | 2,864   |

The Group leases land and buildings for its offices under agreements of between two to nine years with, in some cases, options to extend which have been included in the lease liability where the options are expected to be exercised. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of four years.

The Group leases land and buildings and office equipment under agreements of less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

For impairment testing, the right-of-use assets have been allocated to the Lottery Retailing and SaaS CGUs based on the headcount assigned to each operating segment. Refer to Note 9: Intangible assets for further information on the impairment testing key assumptions and sensitivity analysis.

## Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Note 11: Other non-current assets

|                                       | Consolidated Group |         |
|---------------------------------------|--------------------|---------|
|                                       | 2023               | 2022    |
|                                       | \$'000             | \$'000  |
| The Lottery Corporation extension fee | 15,000             | 15,000  |
| Less: Accumulated amortisation        | (4,375)            | (2,875) |
|                                       | 10,625             | 12,125  |

### The Lottery Corporation extension fee

An extension fee was payable when the 10-year TLC Reseller Agreements were executed on 25 August 2020. The extension fee is capitalised as the Reseller Agreements will deliver future economic benefits and these benefits can be reliably measured.

The extension fee has a finite life and is amortised on a straight-line basis matched to the economic benefits over the useful life of the Reseller Agreements of 10 years, and is also tested for impairment indicators.

There was a change in the presentation of The Lottery Corporation extension fee from operating asset under AASB 138 *Intangible assets* to capital asset under AASB 15 *Revenue from contracts with Customers*.

## Note 12: Trade and other payables

|                                       | Note | Consolidated<br>2023 | 2022   |
|---------------------------------------|------|----------------------|--------|
|                                       |      | \$'000               | \$'000 |
| Total trade and other payables        |      | 30,122               | 24,530 |
| <b>Included in the above:</b>         |      |                      |        |
| Trade creditors                       |      | 2,483                | 1,891  |
| GST payable                           |      | 2,181                | 694    |
| Sundry creditors and accrued expenses |      | 11,712               | 11,498 |
| Employee benefits                     |      | 1,782                | 1,532  |
|                                       |      | 18,158               | 15,615 |
| Customer funds payable                | 6(a) | 11,964               | 8,915  |
|                                       |      | 30,122               | 24,530 |



## Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which remains unpaid. These amounts are unsecured and have 7-to-31-day payment terms.

### (i) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

### (ii) Superannuation

Employees have defined contribution superannuation funds. Contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as an expense and a liability on the earlier of when the Group:

- can no longer withdraw the offer and the benefits; and
- recognises costs for restructuring under AASB 137 Provisions, Contingent Liabilities and Contingent Assets and which involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## Note 13: Employee benefit obligations

|                    | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|--------------------|--------------------------------|----------------|
| <b>CURRENT</b>     |                                |                |
| Long service leave | 1,078                          | 818            |
| <b>NON-CURRENT</b> |                                |                |
| Long service leave | 575                            | 525            |
|                    | 1,653                          | 1,343          |

## Recognition and measurement

### (i) Long service leave

Liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 14: Lease liabilities

|                   | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|-------------------|--------------------------------|----------------|
| CURRENT           |                                |                |
| Lease Liabilities | 1,355                          | 1,022          |
| NON-CURRENT       |                                |                |
| Lease Liabilities | 2,491                          | 2,181          |
|                   | 3,846                          | 3,203          |

## Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the Statement of Cash Flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

# CAPITAL AND FINANCIAL RISK MANAGEMENT

## In this section

Capital and financial risk management provides information about the capital management practices of the Group and shareholder returns for the year, discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

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## Note 15: Capital risk management

|                                                            | Note | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------------------------|------|--------------------------------|----------------|
| Total borrowings <sup>1</sup>                              | 18   | -                              | -              |
| Less: cash and cash equivalents – general account balances | 6(a) | (41,226)                       | (60,015)       |
| Net debt                                                   |      | -                              | -              |
| Total equity                                               |      | 99,989                         | 92,983         |
| Total capital                                              |      | 99,989                         | 92,983         |
| Gearing ratio                                              |      | 0%                             | 0%             |

<sup>1</sup>Excludes bank guarantees and commercial credit cards

The Group's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business.

The Group monitors its capital structure by reference to its capital management strategy.

The gearing ratio is calculated as total net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (up to a minimum of zero). Total capital is net debt plus total equity. Aside from the on-market share buy-back announced on 26 August 2022, there were no changes in the Group's approach to capital management during the year. The Group's Dividend policy remains to pay out a range of 65% to 85% of statutory NPAT.

## Note 16: Dividends

### (a) Ordinary shares

|                                                                                                                           | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|
| Final fully franked ordinary dividend of 20.5 (2022: 18.5) cents per share franked at the tax rate of 30% (2022: 30%)     | 12,930                         | 11,555         |
| Interim fully franked ordinary dividend of 23.0 (2022: 22.0.0) cents per share franked at the tax rate of 30% (2022: 30%) | 14,470                         | 13,741         |
| Total dividends paid or provided for                                                                                      | 27,400                         | 25,296         |
| Dividends paid in cash during the years ended 30 June 2023 and 30 June 2022 were as follows:                              |                                |                |
| Paid in cash                                                                                                              | 27,400                         | 25,296         |

### (b) Dividends not recognised at the end of the reporting period

|                                                                                                                                                                                                                                                                                                                                                              | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|
| Since year end, the Directors have recommended the payment of a final 2023 fully franked ordinary dividend of 20.0 (2022: 20.5) cents per share franked at the rate of 30% (2022: 30%). The aggregate amount of the proposed dividend expected to be paid on 22 September 2023 (2022: 23 September 2022), but not recognised as a liability at year end, is: | 12,580                         | 12,804         |

### (c) Franked dividends

|                                                                                                                                                                                                                               | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|
| The franked portions of dividends paid and recommended after 30 June 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2023. |                                |                |
| Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%)                                                                                                                              | 16,942                         | 16,890         |

The above amounts represent the balance of the franking account as at the reporting date adjusted for:

- (i) franking credits that will arise from the payment of the amount of the provision for income tax, and
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

The impact on the franking account of the dividends paid and recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$5,391,000 (2022: \$5,487,000).

## Note 17: Equity and reserves

### (a) Contributed equity

#### Issued shares

|                              | Consolidated<br>2023<br>Shares | 2023<br>\$'000 | Consolidated<br>2022<br>Shares | 2022<br>\$'000 |
|------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| Ordinary shares – fully paid | 62,898,394                     | 79,807         | 62,775,211                     | 81,390         |

#### Movements in ordinary share capital

| Details                                        | Consolidated<br>Shares | \$'000        |
|------------------------------------------------|------------------------|---------------|
| Balance 1 July 2021                            | 62,448,757             | 80,177        |
| 25 July 2022–Issue of share                    | 9,529                  | 163           |
| 24 March 2022–Exercise of options              | 300,000                | 1,050         |
| 30 June 2022–Exercise of rights                | 16,925                 | –             |
| <b>Balance 30 June 2022</b>                    | <b>62,775,211</b>      | <b>81,390</b> |
| Balance 1 July 2022                            | 62,775,211             | 81,390        |
| 21 July 2022 – Exercise of options             | 300,000                | 1,050         |
| 1 July 2022 – 31 December 2022 – Share buyback | 154,618                | 1,917         |
| 1 January 2023 – 30 June 2023 – Share buyback  | 54,651                 | 718           |
| 30 June 2023–Share issue                       | 32,452                 | –             |
| <b>Balance 30 June 2023</b>                    | <b>62,898,394</b>      | <b>79,807</b> |

Issued capital represents the amount of consideration received for securities issued or paid for securities bought back by Jumbo.

Costs directly attributable to the issue of new shares or options are deducted from the consideration received, net of income taxes. On various dates during the period, the share buyback was completed on-market.

### (b) Ordinary shares

Ordinary shares have no par value, and the company does not have a limited amount of authorised share capital.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands and upon a poll each share is entitled to one vote.

### (c) Equity rights

Details of the employee Equity Rights Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in the Remuneration Report and Note 26: Share-Based Payments.

For information relating to share options issued to third parties during the financial year, refer to Note 26: Share-Based Payments.

### (d) Reserves

Nature and purpose of reserves

## Profits appropriation reserve

The profits appropriation reserve records accumulated profits available for distribution at the Directors' discretion. In June 2010, there was a change in the test for payment of dividends from a 'profit test' to 'solvency test' (*s254T Corporations Act 2001*), and the profits appropriation reserve was established to ensure the accumulated losses up until then were 'ring-fenced' and that future profits were available for distribution, in particular for dividend payments.

## Share-based payments reserve

The share-based payments reserve records items recognised as expenses on the fair value of share-based remuneration provided to employees. This reserve can be reclassified as retained earnings if options lapse.

## Foreign currency translation reserve

The foreign currency translation reserve records the foreign exchange differences arising on translation of investments in foreign controlled subsidiaries. Amounts are reclassified to profit or loss when an entity is disposed of.

# Note 18: Borrowings

## (a) Facilities with Banks

|                            | Note | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------|------|--------------------------------|----------------|
| <i>Credit facility</i>     |      |                                |                |
| Bank guarantees            |      | 3,250                          | 3,250          |
| Commercial credit cards    |      | 300                            | 300            |
| Bank loan                  |      | 47,000                         | 50,000         |
|                            |      | 50,550                         | 53,550         |
| <i>Facilities utilised</i> |      |                                |                |
| Bank guarantees            | 29   | (3,093)                        | (3,100)        |
| Commercial credit cards    |      | (76)                           | (112)          |
| Bank loan                  |      | -                              | -              |
| Amount available           |      | 47,381                         | 50,338         |

The facilities are provided by Australia and New Zealand Banking Group Limited subject to general and specific terms and conditions being set and met periodically.

There were no outstanding interest-bearing liabilities for the financial year ended 30 June 2023 (2022: nil).

## (b) Assets pledged as security

The bank facilities are secured by a fixed and floating charge over all the Australian assets of the Group.

## (c) Defaults and breaches

There have been no defaults or breaches during the financial year ended 30 June 2023.



## Note 19: Financial risk management

The Group has exposure to a variety of financial risks including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is performed by a central treasury function on behalf of the Group under the Treasury Policy approved by the Board annually. Speculative activities are strictly prohibited. Compliance with the Treasury Policy is monitored on an ongoing basis through regular reporting to the Board.

There is a risk that any future economic downturn could reduce disposable income and consequently may impact customer spending levels.

### (a) Market risk

Market risk is the risk that adverse movements in foreign exchange and interest rates will affect the Group's financial performance or the value of its holdings of financial instruments. The Group measures market risk using cash flow at risk. The objective of risk management is to manage the market risks inherent in the business to protect profitability and return on assets.

#### (i) Foreign exchange risk

##### Exposure to foreign exchange risk

Foreign exchange risk arises from commercial transactions (transactional risks) and recognised assets and liabilities (translational risks) that are denominated in or related to a currency that is not in the Group's functional currency. The Group's foreign exchange risk relates largely to Great British Pound (GBP), Canadian Dollar (CAD) and Fiji Dollar (FJD).

##### Risk management

The Group's treasury function monitors the Group's exposure regularly and utilise the spot market to buy and sell specified amounts of foreign currency to manage this risk. Transactional risks are managed predominantly within the Group's pricing policies through the regular review of prices in foreign currency.

##### Sensitivity on foreign exchange risk

Any movement in foreign exchange rates would not be significant to the Group.

#### (ii) Interest rate risk

##### Exposure to interest rate risk

The Group has interest bearing assets and therefore its income and operating cash flows are subject to changes in market interest rates.

At the reporting date, the Group has exposure to the following interest rates:

|          | Rate <sup>1</sup><br>% | Consolidated<br>2023<br>\$'000 | Rate <sup>1</sup><br>% | 2022<br>\$'000 |
|----------|------------------------|--------------------------------|------------------------|----------------|
| Deposits | 1.04                   | 53,190                         | 0.45                   | 68,930         |

<sup>1</sup>weighted average interest rate

## Risk management

The Group manages cash flow interest rate risk by using term deposits with banks for various periods. The weighted average maturity of outstanding term deposits is approximately 57 days (2022: 57 days). Term deposits currently in place cover approximately 15% (2022: 11%) of the total cash and cash equivalent balances.

## Sensitivity on market risks

The following table summarises the gain/(loss) impact of a 200 basis points (bps) interest rate change on net profit and equity before tax, with all other variables remaining constant, as at 30 June 2023:

|                                    | Consolidated                             |         |                                          |         |
|------------------------------------|------------------------------------------|---------|------------------------------------------|---------|
|                                    | Effect on profit<br>(before tax)<br>2023 | 2022    | Effect on equity<br>(before tax)<br>2023 | 2022    |
| 200 bps movement in interest rates |                                          |         |                                          |         |
| 200 bps increase in interest rates | 1,064                                    | 1,379   | 1,064                                    | 1,379   |
| 200 bps decrease in interest rates | (1,064)                                  | (1,379) | (1,064)                                  | (1,379) |

## (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from cash and cash equivalents and trade and other receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Assets are pledged as security as detailed in Note 18(b).

Credit risk is managed on a Group basis through the Board approved Treasury Policy and is reviewed regularly by the Board.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- Surplus funds are only invested with banks and financial institutions with a Standard and Poor's rating of no less than A and to a limited amount at any one financial institution;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing, and the risk is measured using debtor aging analysis; and
- Customers that do not meet the Group's strict credit policies may only purchase in cash or using recognised credit cards.

### (i) Trade receivables

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 60 months before 30 June 2023 and 30 June 2022 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forecast expected losses.

Trade receivables are written off (i.e., derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

| 30 June 2023<br>\$'000s          | Trade receivables days past due |           |            |            |           | Total |
|----------------------------------|---------------------------------|-----------|------------|------------|-----------|-------|
|                                  | Current                         | 1-30 days | 31-60 days | 61-90 days | > 90 days |       |
| Expected credit loss rate        | 0.0%                            | 0.0%      | 0.0%       | 0.0%       | 0.0%      | 0.0%  |
| Gross carrying amount \$         | 2,897                           | 1,335     | 224        | 126        | 264       | 4,846 |
| Lifetime expected credit loss \$ | -                               | -         | -          | -          | -         | -     |

| 30 June 2022<br>\$'000s          | Trade receivables days past due |           |            |            |           | Total |
|----------------------------------|---------------------------------|-----------|------------|------------|-----------|-------|
|                                  | Current                         | 1-30 days | 31-60 days | 61-90 days | > 90 days |       |
| Expected credit loss rate        | 0.0%                            | 0.0%      | 0.0%       | 0.0%       | 0.0%      | 0.0%  |
| Gross carrying amount \$         | 260                             | 664       | 133        | 127        | 147       | 1,331 |
| Lifetime expected credit loss \$ | -                               | -         | -          | -          | -         | -     |

## (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash balances are maintained to meet its liabilities when due.

The following table summarises the contractual timing of undiscounted cash flows of financial instruments:

| 2023                                             | Less than 1<br>year<br>\$'000 | Between<br>1 and 2 years<br>\$'000 | Between<br>3 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------|-------------------------------|------------------------------------|------------------------------------|------------------------|-----------------|
| Financial assets                                 |                               |                                    |                                    |                        |                 |
| Cash and cash equivalents                        | 53,190                        | -                                  | -                                  | -                      | 53,190          |
| Trade and other receivables                      | 8,046                         | -                                  | -                                  | -                      | 8,046           |
| Other Assets                                     | 8,411                         | -                                  | -                                  | -                      | 8,411           |
|                                                  | <b>69,647</b>                 | <b>-</b>                           | <b>-</b>                           | <b>-</b>               | <b>69,647</b>   |
| Financial liabilities                            |                               |                                    |                                    |                        |                 |
| Trade and other payables                         | 30,122                        | -                                  | -                                  | -                      | 30,122          |
| Lease liabilities <sup>1</sup>                   | 1,487                         | 1,437                              | 749                                | 566                    | 4,239           |
| Contingent consideration                         | 8,391                         | -                                  | -                                  | -                      | 8,391           |
|                                                  | <b>40,000</b>                 | <b>1,437</b>                       | <b>749</b>                         | <b>566</b>             | <b>42,752</b>   |
| <sup>1</sup> Weighted average interest rate 3.5% |                               |                                    |                                    |                        |                 |
| 2022                                             | Less than 1<br>year<br>\$'000 | Between<br>1 and 2 years<br>\$'000 | Between<br>3 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Total<br>\$'000 |
| Financial assets                                 |                               |                                    |                                    |                        |                 |
| Cash and cash equivalents                        | 68,930                        | -                                  | -                                  | -                      | 68,930          |
| Trade and other receivables                      | 6,065                         | -                                  | -                                  | -                      | 6,065           |
| Other Asset                                      | -                             | -                                  | -                                  | -                      | -               |
|                                                  | <b>74,995</b>                 | <b>-</b>                           | <b>-</b>                           | <b>-</b>               | <b>74,995</b>   |
| Financial liabilities                            |                               |                                    |                                    |                        |                 |
| Trade and other payables                         | 24,530                        | -                                  | -                                  | -                      | 24,530          |
| Lease liabilities <sup>1</sup>                   | 1,118                         | 1,157                              | 1,102                              | -                      | 3,377           |
| Contingent consideration                         | 1,820                         | 1,638                              | -                                  | -                      | 3,458           |
|                                                  | <b>27,468</b>                 | <b>2,795</b>                       | <b>1,102</b>                       | <b>-</b>               | <b>31,365</b>   |

<sup>1</sup>Weighted average interest rate 3.5%

## (d) Fair value hierarchy

The fair value of cash, cash equivalents and non-interest-bearing financial assets and liabilities approximates their carrying value due to their short-term maturity.

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) are determined using valuation techniques. The valuation techniques maximise the use of observable market data where possible and rely as little as possible on entity specific estimates.

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

| Consolidated – 2023      | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|--------------------------|-------------------|-------------------|-------------------|-----------------|
| Assets                   | -                 | -                 | -                 | -               |
| Liabilities              |                   |                   |                   |                 |
| Contingent consideration | -                 | -                 | 8,391             | 8,391           |
| <b>Total liabilities</b> | <b>-</b>          | <b>-</b>          | <b>8,391</b>      | <b>8,391</b>    |
| Consolidated – 2022      | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| Assets                   | -                 | -                 | -                 | -               |
| Liabilities              |                   |                   |                   |                 |
| Contingent consideration | -                 | -                 | 3,458             | 3,458           |
| <b>Total liabilities</b> | <b>-</b>          | <b>-</b>          | <b>3,458</b>      | <b>3,458</b>    |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of the contingent consideration is estimated by discounting the probability-adjusted profit in Stride at the company's weighted average cost of capital.

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

| Consolidated                                                                      | Contingent consideration<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------------------------|------------------------------------|-----------------|
| Balance at 1 July 2021                                                            | 1,807                              | 1,807           |
| Change in contingent consideration at fair value/earnout paid                     | (1,782)                            | (1,782)         |
| Effects of movements in foreign exchange recognised in other comprehensive income | (8)                                | (8)             |
| Additions-contingent consideration from business combination in year (Note 20)    | 3,441                              | 3,441           |
| <b>Balance at 30 June 2022</b>                                                    | <b>3,458</b>                       | <b>3,458</b>    |

| Consolidated                                                                            | Contingent consideration<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------------------------------|------------------------------------|-----------------|
| Balance at 1 July 2022                                                                  | 3,458                              | 3,458           |
| Change in contingent consideration<br>at fair value/earnout paid                        | (2,792)                            | (1,782)         |
| Effects of movements in foreign<br>exchange recognised in other<br>comprehensive income | 677                                | (333)           |
| Additions-contingent consideration<br>from business combination in year<br>(Note 20)    | 7,048                              | 7,048           |
| <b>Balance at 30 June 2023</b>                                                          | <b>8,391</b>                       | <b>8,391</b>    |

## Significant judgements and estimates

A key judgement by management is a 91% probability of the first and only tranche of contingent consideration being paid for StarVale following the 30 June 2023 financial year end.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

| Description                       | Unobservable Inputs  | Sensitivity                                          |
|-----------------------------------|----------------------|------------------------------------------------------|
| Starvale Contingent consideration | Probability rate 91% | 5ppt change would change the fair value by \$422,000 |

# GROUP STRUCTURE

## In this section

Group structure provides information about particular subsidiaries and associates and how changes have affected the financial position and performance of the Group.

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## Note 20: Business combination

On 1 June 2022, the Group acquired 100% of the issued share capital and voting rights of Stride, a company based in Canada that conducts Project Management for Lotteries. The primary objective of the acquisition is to provide the Group an entry point to licence its lottery software platform in the Canadian charities' lottery market.

No material adjustments have been made to the acquired amounts reported in the 31 December 2022 financial statements. Details of the business combination are as follows:

| Stride Fair value of purchase consideration | Note   | \$000s |
|---------------------------------------------|--------|--------|
| Cash paid on completion                     |        | 8,452  |
| Contingent consideration                    | 20 (b) | 3,441  |
| Working capital settlement adjustment paid  | 20 (a) | 543    |
| Total consideration                         |        | 12,436 |

Fair value of identifiable assets and liabilities at acquisition date:

|                                      | Note   | \$000s  |
|--------------------------------------|--------|---------|
| Cash                                 |        | 1,040   |
| Trade and other receivables          |        | 782     |
| Property, plant and equipment        |        | 187     |
| Leasehold improvements               |        | 88      |
| ROU asset                            |        | 1,421   |
| Software                             |        | 806     |
| Customer contracts and relationships |        | 7,892   |
| Trade and other payables             |        | (1,135) |
| Lease liability                      |        | (1,594) |
| Deferred tax liability               |        | (2,348) |
| Net assets                           |        | 7,139   |
| Goodwill on consolidation            | 20 (d) | 5,297   |
| Stride acquisition at fair value     |        | 12,436  |

|                              | Note | \$000s  |
|------------------------------|------|---------|
| Cash consideration paid      |      | 8,995   |
| Cash acquired on acquisition |      | (1,040) |
| Cash outflow                 |      | 7,955   |

|                                       | Note   | \$000s |
|---------------------------------------|--------|--------|
| Acquisition costs charged to expenses | 20 (a) | 665    |



On 1 November 2022, the Group acquired 100% of the issued share capital and voting rights of StarVale, a leading UK ELM and digital payments company providing a full range of weekly lottery, raffle and prize draw services. The primary objective of the acquisition is to help build scale in the region.

All acquired amounts were recorded on a provisional basis as at 30 June 2023. Details of the business combination are as follows:

| <b>StarVale Fair value of purchase consideration</b>                   | <b>Note</b> | <b>\$000s</b> |
|------------------------------------------------------------------------|-------------|---------------|
| Cash paid on completion                                                |             | 32,610        |
| Contingent consideration                                               | 20 (b)      | 7,048         |
| Working capital settlement adjustment paid                             | 20 (a)      | 559           |
| Total consideration                                                    |             | 40,217        |
| Fair value of identifiable assets and liabilities at acquisition date: |             |               |
|                                                                        | <b>Note</b> | <b>\$000s</b> |
| Cash                                                                   |             | 12,569        |
| Trade and other receivables                                            |             | 2,313         |
| Property, plant and equipment                                          |             | 4             |
| Software                                                               |             | 877           |
| Customer contracts and relationships                                   |             | 15,125        |
| Trade and other payables                                               |             | (1,468)       |
| Deferred tax liability                                                 |             | (3,041)       |
| Net assets                                                             |             | 26,379        |
| Goodwill on consolidation                                              | 20 (d)      | 13,838        |
| StarVale acquisition at fair value                                     |             | 40,217        |
|                                                                        |             |               |
|                                                                        | <b>Note</b> | <b>\$000s</b> |
| Cash consideration paid                                                |             | 40,217        |
| Cash acquired on acquisition                                           |             | (12,569)      |
| Cash outflow                                                           |             | 27,648        |
|                                                                        |             |               |
|                                                                        | <b>Note</b> | <b>\$000s</b> |
| Acquisition costs charged to expenses                                  | 20 (a)      | 844           |

## Significant judgements and estimates

A key judgement by management is a 91% probability of the contingent consideration being paid following the 30 June 2023 financial year end.

### (a) Consideration transferred

Acquisition-related costs of \$844,000 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of administrative expenses FY2023.

The actual net working capital and cash was in excess of the target working capital and cash resulting in a settlement adjustment \$559,000 being paid to the vendor of StarVale.

### (b) Contingent consideration

The contingent consideration arrangement requires the Group to pay up to an additional undiscounted amount of GBP4,500,000 (~\$7,940,000) in cash to the StarVale vendors if certain Profit targets are met, to be paid in a single instalment following the 30 June 2023 financial year end.

The fair value of the contingent consideration arrangement of \$8,411,000 was estimated by calculating the face value of the estimated earnout payable based on the assumed probability-adjusted profit in StarVale of GBP2,390,000 (~\$4,467,000) for the 12-month period to 30 June 2023.

The probability-adjusted profit in StarVale is recalculated at each reporting date with any gains/losses on the fair value of the contingent consideration recognised in profit or loss.

At 30 June 2023, the fair value of the contingent consideration liability (including movements on foreign exchange translation of \$17,000) is recognised in the Statement of Financial Position as:

|                                      | <b>\$000s</b> |
|--------------------------------------|---------------|
| Current contingent consideration     | 8,391         |
| Non-current contingent consideration | -             |
| <b>Total</b>                         | <b>8,391</b>  |

### (c) Identifiable net assets

Developed software and customer contracts and relationships have been identified as separately identifiable assets. These assets have been valued by an independent valuer according to the cost approach/cost to create methodology for developed software and income approach/excess earnings methodology for customer contracts and relationships.

### (d) Goodwill

The goodwill that arose on the combination can be attributed to Stride and StarVale's position, competitive advantage and growth prospects in the charities' lottery market. No amount of goodwill is expected to be deductible for tax purposes.

### (e) Revenue and profit contribution

StarVale contributed TTV of \$83,187,000, revenue of \$6,917,000 and net profit of \$2,765,000 to the Group from the date of acquisition to 30 June 2023. If the acquisition had occurred on 1 July 2022, the contribution to the Group's pro-forma TTV, revenue and net profit after tax for the financial year ended 30 June 2023 would have been ~\$128,776,000, \$11,491,000 and \$4,277,000 respectively.

## Recognition and measurement

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Note 21: Controlled subsidiaries

The Group's subsidiaries that were controlled during the year and prior years are set out below:

|                                                                              | County of Incorporation  | Percentage Ownership |           |
|------------------------------------------------------------------------------|--------------------------|----------------------|-----------|
|                                                                              |                          | 2023<br>%            | 2022<br>% |
| Direct subsidiaries of the ultimate parent entity Jumbo Interactive Limited: |                          |                      |           |
| Benon Technologies Pty Ltd                                                   | Australia                | 100                  | 100       |
| TMS Global Services Pty Ltd                                                  | Australia                | 100                  | 100       |
| Intellitron Pty Ltd <sup>1</sup>                                             | Australia                | –                    | –         |
| Jumbo Lotteries Pty Ltd                                                      | Australia                | 100                  | 100       |
| Jumbo Interactive Asia Pty Ltd                                               | Australia                | 100                  | 100       |
| Jumbo Interactivo de Mexico SA de CV                                         | Mexico                   | 100                  | 100       |
| Gatherwell Limited                                                           | United Kingdom           | 100                  | 100       |
| Jumbo Interactive UK Limited <sup>3</sup>                                    | United Kingdom           | 100                  | 100       |
| Stride Management Corp. <sup>4</sup>                                         | Canada                   | 100                  | 100       |
| Subsidiaries of TMS Global Services Pty Ltd:                                 |                          |                      |           |
| TMS Global Services (NSW) Pty Ltd                                            | Australia                | 100                  | 100       |
| TMS Global Services (VIC) Pty Ltd                                            | Australia                | 100                  | 100       |
| TMS (Fiji) Pte Limited                                                       | Fiji                     | 100                  | 100       |
| TMS (Fiji) On-Line Pte Limited                                               | Fiji                     | 100                  | 100       |
| TMS Global Services (PNG) Limited                                            | Papua New Guinea         | 100                  | 100       |
| Cook Islands Tattslooto Pty Ltd <sup>2</sup>                                 | Cook Islands             | –                    | –         |
| Jumbo Lotteries North America, Inc.                                          | United States of America | 100                  | 100       |
| Subsidiaries of Jumbo Interactive UK Limited                                 |                          |                      |           |
| Starvale Technical Systems Ltd <sup>5</sup>                                  | United Kingdom           | 100                  | –         |
| Starvale Management & Technologies Ltd <sup>5</sup>                          | United Kingdom           | 100                  | –         |
| DDPay Ltd <sup>5</sup>                                                       | United Kingdom           | 100                  | –         |

<sup>1</sup>Sold on 30 June 2022

<sup>2</sup>De-registered 31 March 2022

<sup>3</sup>Registered 11 January 2022    <sup>4</sup>Acquired 1 June 2022

<sup>5</sup>Acquired 1 November 2022

## Principles of consolidation

The consolidated financial statements comprise the financial statements of Jumbo Interactive Limited and its subsidiaries at 30 June each year (the **Group**). Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

## Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or available-for-sale financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity, is accounted for as if the Group had directly disposed of the relative assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate or a joint venture is reduced, but significant influence or control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

## Note 22: Parent disclosures

The parent and ultimate parent entity within the Group is Jumbo Interactive Limited.

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregated amounts as follows:

|                                                | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------------|----------------|----------------|
| Current assets                                 | 4,201          | 11,533         |
| Non-current assets                             | 56,205         | 57,382         |
| Total assets                                   | 60,406         | 68,915         |
| Current liabilities                            | 4,472          | 2,409          |
| Non-current liabilities                        | 45             | 1,684          |
| Total liabilities                              | 4,517          | 4,093          |
| <b>Net assets</b>                              | <b>55,889</b>  | <b>64,822</b>  |
| Issued capital                                 | 79,806         | 81,390         |
| Accumulated losses                             | (26,037)       | (26,037)       |
| Profits appropriation reserve                  | (2,242)        | 6,205          |
| Share-based payments reserve                   | 6,662          | 5,566          |
| Available-for-sale financial asset reserve     | (2,302)        | (2,302)        |
| <b>Total shareholders' equity</b>              | <b>55,887</b>  | <b>64,822</b>  |
| <b>Profit for the year</b>                     | <b>18,951</b>  | <b>31,094</b>  |
| <b>Total comprehensive income for the year</b> | <b>18,951</b>  | <b>31,094</b>  |

### (b) Guarantees

The parent entity has provided guarantees to third parties in relation to the obligations of controlled entities in respect to banking facilities. The guarantees are for the terms of the facilities per Note 18: Borrowings, and are ongoing.

The parent entity has also provided a guarantee in favour of TLC in respect of payment obligations of a subsidiary company in terms of the TLC Reseller Agreements, between its subsidiary and the favouree.

### (c) Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2023 (2022: \$Nil).

## **(d) Contingent liabilities**

The parent entity has no contingent liabilities other than the guarantees referred to above.

## **(e) Recognition and measurement**

The financial information for the parent entity, Jumbo Interactive Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

### **(i) Investments in subsidiaries and associates**

Investments in subsidiaries and associates are accounted for at cost in the financial statements of Jumbo Interactive Limited. Dividends received from associates are recognised in the parent entity's income statement, rather than being deducted from the carrying amount of these investments.

### **(ii) Tax consolidation**

Jumbo Interactive Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Refer to Note 4: Income tax for details.

## OTHER INFORMATION

### In this section

Other information provides information on other items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however are not consider critical in understanding the financial performance or position of the Group.

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### Note 23: Investments accounted for using the Equity Method

| Interest in Associate – Lotto Points Plus Inc., USA | Place of business / Country of Incorporation | 2023 % | 2022 % | 2023 \$'000 | 2022 \$'000 |
|-----------------------------------------------------|----------------------------------------------|--------|--------|-------------|-------------|
| Unlisted shares                                     |                                              |        |        |             |             |
| Lotto Points Plus Inc                               | New York, USA                                | 30.9   | 30.9   | -           | -           |
| Net investment in associate company                 |                                              |        |        | -           | -           |

Lotto Points Plus Inc is an investment company, with its only investment being a 16.9% (2022: 16.9%) shareholding (non-voting) in Lottery Rewards Inc., USA which was dissolved on 30 November 2020.

### Recognition and measurement

Associates are entities over which the Group has significant influence but not control or joint control. Associates are accounted for in the parent entity financial statements at cost and the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the Group's share of post-acquisition profits or losses of associates is recognised in consolidated profit or loss and the Group's share of post-acquisition other comprehensive income of associates is recognised in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity's profit or loss, while they reduce the carrying amount of the investment in the consolidated financial statements.

When the Group's share of post-acquisition losses in an associate exceeds its interest in the associate (including any long-term interests that form part of the Group's net investment in the associates), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method. The end of the reporting period of the associates and the parent are identical and both use consistent accounting policies.



## Note 24: Related party transactions

### Parent entity

Jumbo Interactive Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in Note 21: Controlled subsidiaries.

### Key management personnel

Disclosures relating to Executive KMP are set out in Note 25: Key Management Personnel compensation and the Remuneration Report in the Directors' Report.

### Transactions with related parties

All transactions between related parties are on normal commercial terms and conditions at market rates and no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

|                                                                                                                                                     | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------|
| Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive Director of the Company, rented an office from the Group                        |                            |            |
| – office rent received                                                                                                                              | 11,647                     | 12,706     |
|                                                                                                                                                     | Consolidated<br>2023<br>\$ | 2022<br>\$ |
| Mrs Julie Rosch, the mother of Mr Mike Veverka, the CEO and Executive Director of the Company, is engaged as a full-time employee within the Group. |                            |            |
| – salary and superannuation                                                                                                                         | 92,954                     | 86,900     |

### Receivables from related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

|                                                                               | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------------------------------------|----------------------------|------------|
| Trade receivables from Mr Mike Rosch (Director-related party of Mike Veverka) | 1,165                      | 1,165      |

## Note 25: Key Management Personnel compensation

|                              | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|------------------------------|----------------------------|------------|
| Short term employee benefits | 2,100,991                  | 3,208,792  |
| Post-employment benefits     | 141,570                    | 161,164    |
| Other long-term benefits     | 23,348                     | 26,792     |
| Termination benefits         | -                          | -          |
| Share-based payments         | 1,048,186                  | 1,274,971  |
|                              | 3,314,095                  | 4,671,719  |

Further information regarding the identity of Executive KMP and their compensation can be found in the audited Remuneration Report contained in the Directors' Report.

## Note 26: Share-based payments

| Share-based payment expenses recognised during the financial year | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------------------------|----------------------------|------------|
| Rights issued under employee incentives schemes                   | 1,136,186                  | 1,338,730  |
|                                                                   | 1,136,186                  | 1,338,730  |

## Employee option plan

The Jumbo Interactive Limited Employee Option Plan was ratified at the annual general meeting held on 28 October 2008. Employees are invited to participate in the scheme from time to time. Options vest when the volume weighted average share price over five consecutive trading days equals the exercise price and provided the staff member is still employed by the Group. When issued on exercise of options, the shares carry full dividend and voting rights.

Options granted carry no dividend or voting rights.

## Fair value of options granted

### Employees

There were no options granted during the 2023 financial year.

### Third parties

There were no options granted during the 2023 financial year.

## Fair value of rights granted

The indicative fair value of STI rights at grant date was determined by an independent valuer using the Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, and the risk-free rate. The inputs used for the Black-Scholes option pricing model for options granted during the year ended 30 June 2023 were as follows:

|                                | Grant date          | Share price at grant date | Exercise price | Expected volatility | Expected dividend yield | Risk free rate |
|--------------------------------|---------------------|---------------------------|----------------|---------------------|-------------------------|----------------|
| KMP STI rights<br>30 June 2022 | 10 November<br>2022 | \$13.910                  | \$nil          | 42.811%             | 2.74%                   | 3.16%          |

The fair value of LTI rights at grant date was determined by an independent valuer using the Black-Scholes and the Monte Carlo Simulation option pricing models that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, and the risk-free rate. The inputs used for the Monte Carlo Simulation option pricing model for options granted during the year ended 30 June 2023 were as follows:

|                                                  | Grant date          | Share price at grant date | Exercise price | Expected volatility | Expected dividend yield | Risk free rate |
|--------------------------------------------------|---------------------|---------------------------|----------------|---------------------|-------------------------|----------------|
| KMP LTI rights<br>1 July 2022-TSR <sup>1,3</sup> | 10 November<br>2022 | \$13.910                  | \$nil          | 42.811%             | 2.74%                   | 3.25%          |
| KMP LTI rights<br>1 July 2022-EPS <sup>2,4</sup> | 10 November<br>2022 | \$13.910                  | \$nil          | 42.811%             | 2.74%                   | 3.25%          |

<sup>1</sup>LTI rights are granted for no consideration, have a three-year term, and are exercisable when the vesting terms and conditions have been met.

<sup>2</sup>LTI rights are granted for no consideration, have a term until 4 November 2023, and are exercisable when the vesting terms and conditions have been met.

<sup>3</sup>Monte Carlo Simulation pricing model.

<sup>4</sup>Black-Scholes pricing model.

Expected volatility was determined based on the historic volatility (based on the remaining life of the right), adjusted for any expected changes to future volatility based on publicly available information.

Details of options and rights outstanding during the financial year are as follows:

| 2023<br>Grant date              | Exercise Price | Expiry date    | Balance at beginning of year | Granted during the year | Lapsed/ Forfeited during the year | Exercised during the year | Expired during the year | Balance at end of year | Vested and exercisable at end of year |
|---------------------------------|----------------|----------------|------------------------------|-------------------------|-----------------------------------|---------------------------|-------------------------|------------------------|---------------------------------------|
| <b>KMP and staff options</b>    |                |                |                              |                         |                                   |                           |                         |                        |                                       |
| 26 Oct 2017                     | \$3.50         | 15 Nov 2022    | 300,000                      | -                       | -                                 | (300,000)                 | -                       | -                      | -                                     |
| <b>Total</b>                    |                |                | <b>300,000</b>               | <b>-</b>                | <b>-</b>                          | <b>(300,000)</b>          | <b>-</b>                | <b>-</b>               | <b>-</b>                              |
| Weighted average exercise price |                |                | \$3.50                       | -                       | -                                 | \$3.50                    | -                       | \$3.50                 | \$3.50                                |
| <b>KMP and staff rights</b>     |                |                |                              |                         |                                   |                           |                         |                        |                                       |
| 1 July 2019 <sup>1</sup>        | \$nil          | 1 Jul 2023     | 46,716                       | -                       | (46,716)                          | -                         | -                       | -                      | -                                     |
| 29 October 2020 <sup>2</sup>    | \$nil          | 1 Jul 2024     | 92,965                       | -                       | -                                 | -                         | -                       | 92,965                 | -                                     |
| 17 December 2020                | \$nil          | 4 Nov 2023     | 40,984                       | -                       | -                                 | -                         | -                       | 40,984                 | -                                     |
| 15 February 2021                | \$nil          | 4 Nov 2023     | 15,983                       | -                       | (1,393)                           | -                         | -                       | 14,590                 | -                                     |
| 28 October 2021 <sup>3</sup>    | \$nil          | 1 Jul 2025     | 64,403                       | -                       | (6,831)                           | -                         | -                       | 57,572                 | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2023     | 2,732                        | -                       | -                                 | (2,732)                   | -                       | -                      | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2024     | 2,732                        | -                       | -                                 | -                         | -                       | 2,732                  | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2025     | 2,732                        | -                       | -                                 | -                         | -                       | 2,732                  | -                                     |
| 10 November 2022                |                | 30 June 2023   | -                            | 32,452                  | -                                 | (32,452)                  | -                       | -                      | -                                     |
| 10 November 2022 <sup>4</sup>   |                | 28 August 2027 | -                            | 112,338                 | (4,761)                           | -                         | -                       | 107,577                | -                                     |
| <b>Total</b>                    |                |                | <b>569,247</b>               | <b>144,790</b>          | <b>(59,701)</b>                   | <b>(335,184)</b>          | <b>-</b>                | <b>319,152</b>         | <b>-</b>                              |

<sup>1</sup>Relating to the service period 1 July 2019 to 30 June 2020 and approved by shareholders at the 2020 AGM

<sup>2</sup>Relating to the service period 1 July 2020 to 30 June 2021 and approved by shareholders at the 2021 AGM

<sup>3</sup>Relating to the service period 1 July 2021 to 30 June 2022 and approved by shareholders and Directors at the 2021 AGM

<sup>4</sup>Relating to the service period 1 July 2022 to 30 June 2023 and approved by shareholders and Directors at the 2022 AGM

The 26 October 2017 options are exercisable when the Jumbo 5-day VWAP share price is equal to or greater than \$4.00.

The 1 July 2019 LTI rights FY2021 are granted for no consideration, have a three-year term, and are exercisable when the Jumbo 90-day VWAP share price for the period up to 30 June 2023 is equal to or more than \$14.55 less any dividends paid during the term.

The 30 June 2020 STI rights FY2021 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock-up period.

The 29 October 2020 LTI rights FY2021 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2023 is equal to or more than \$14.55 less any dividends paid during the term.

The 17 December 2020 LTI rights TLC agreement are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 4 November 2023 is equal to or more than \$16.24.

The 15 February 2021 Senior Manager LTI rights are granted for no consideration, have a vesting date of 4 November 2023 and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 4 November 2023 is equal to or more than \$16.24.

The 30 June 2021 STI rights FY2021 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock-up period.

The 28 October 2021 LTI rights FY2022 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2024 is equal to or more than \$20.17 less any dividends paid during the term.

The 28 April 2022 NED service rights are granted for a consideration of \$18.30 and are exercisable 1 July 2022, 1 July 2023 and 1 July 2024.

The 30 June 2023 STI rights FY23 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock-up period.

The 10 November 2022 LTI rights FY2023 are granted for no consideration, have a three-year term, and are exercisable when the vesting conditions are met. Please see Further Details on Key Components on page 61 for more information.

## 2022

| Grant date                      | Exercise Price | Expiry date | Balance at beginning of year | Granted during the year | Lapsed/ Forfeited during the year | Exercised during the year | Expired during the year | Balance at end of year | Vested and exercisable at end of year |
|---------------------------------|----------------|-------------|------------------------------|-------------------------|-----------------------------------|---------------------------|-------------------------|------------------------|---------------------------------------|
| <b>KMP and staff options</b>    |                |             |                              |                         |                                   |                           |                         |                        |                                       |
| 26 Oct 2017                     | \$3.50         | 15 Nov 2022 | 600,000                      | -                       | -                                 | (300,000)                 | -                       | 300,000                | 300,000                               |
| <b>Total</b>                    |                |             | <b>600,000</b>               | <b>-</b>                | <b>-</b>                          | <b>(300,000)</b>          | <b>-</b>                | <b>300,000</b>         | <b>300,000</b>                        |
| Weighted average exercise price |                |             | \$3.50                       | -                       | -                                 | \$3.50                    | -                       | \$3.50                 | \$3.50                                |
| <b>KMP and staff rights</b>     |                |             |                              |                         |                                   |                           |                         |                        |                                       |
| 1 July 2019 <sup>1</sup>        | \$nil          | 1 Jul 2023  | 46,716                       | -                       | -                                 | -                         | -                       | 46,716                 | -                                     |
| 30 June 2020 <sup>1</sup>       | \$nil          | 30 Jun 2021 | 23,241                       | -                       | -                                 | (23,241)                  | -                       | -                      | -                                     |
| 29 October 2020 <sup>2</sup>    | \$nil          | 1 Jul 2024  | 92,965                       | -                       | -                                 | -                         | -                       | 92,965                 | -                                     |
| 17 December 2020                | \$nil          | 4 Nov 2023  | 40,984                       | -                       | -                                 | -                         | -                       | 40,984                 | -                                     |
| 15 February 2021                | \$nil          | 4 Nov 2023  | 17,376                       | -                       | (1,393)                           | -                         | -                       | 15,983                 | -                                     |
| 30 June 2021 <sup>2</sup>       | \$nil          | 30 Jun 2022 | 16,925                       | -                       | -                                 | (16,925)                  | -                       | -                      | -                                     |
| 28 October 2021 <sup>3</sup>    | \$nil          | 1 Jul 2025  | -                            | 64,403                  | -                                 | -                         | -                       | 64,403                 | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2023  | -                            | 2,732                   | -                                 | -                         | -                       | 2,732                  | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2024  | -                            | 2,732                   | -                                 | -                         | -                       | 2,732                  | -                                     |
| 28 April 2022                   | \$nil          | 1 Jul 2025  | -                            | 2,732                   | -                                 | -                         | -                       | 2,732                  | -                                     |
| <b>Total</b>                    |                |             | <b>238,207</b>               | <b>72,599</b>           | <b>(1,393)</b>                    | <b>(40,166)</b>           | <b>-</b>                | <b>269,247</b>         | <b>-</b>                              |

<sup>1</sup>Relating to the service period 1 July 2019 to 30 June 2020 and approved by shareholders at the 2020 AGM

<sup>2</sup>Relating to the service period 1 July 2020 to 30 June 2021 and approved by shareholders at the 2021 AGM

<sup>3</sup>Relating to the service period 1 July 2021 to 30 June 2022 and approved by shareholders and Directors at the 2022 AGM

## Recognition and measurement

The fair value of options granted to employees and consultants is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled to the options. Fair value is determined by an independent valuer using the Black-Scholes, Bi-nominal, and Monte Carlo Simulation option pricing models as appropriate. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Jumbo Interactive Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

## Note 27: Remuneration of auditor

On 10 November 2022, EY (previously Ernst & Young) were appointed auditor of the Company following shareholder approval at the Annual General Meeting. The appointment of EY was made following a competitive tender process. BDO had been the Company's auditor for over 10 years prior.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

|                                                                                                                                     | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------|
| <b>Fees to Ernst &amp; Young Australia</b>                                                                                          |                            |            |
| <b>Audit services</b>                                                                                                               |                            |            |
| Amounts paid/payable to EY for audit or review of the financial statements for the entity or any entity in the Group                | 285,000                    | -          |
|                                                                                                                                     | <b>285,000</b>             | -          |
| <b>Fees to overseas member firms of Ernst &amp; Young</b>                                                                           |                            |            |
| Amounts paid/payable to EY for audit of the financial statements for the entity or any entity in the Group                          | 160,000                    | -          |
|                                                                                                                                     | <b>445,000</b>             | -          |
| <b>Fees to BDO (Australia)</b>                                                                                                      |                            |            |
| <b>Audit services</b>                                                                                                               |                            |            |
| Amounts paid/payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the Group | -                          | 144,108    |
| <b>Network firms of BDO Audit ty Ltd</b>                                                                                            |                            |            |
| Amounts paid/payable for audit or review of the financial statements for the entity or any entity in the Group in the UK and Canada | -                          | 151,048    |
|                                                                                                                                     | -                          | 295,156    |
| <b>Taxation services</b>                                                                                                            |                            |            |
| Amounts paid/payable to BDO for taxation services for the entity or any entity in the Group:                                        |                            |            |
| Review of income tax return                                                                                                         | -                          | 48,100     |
| Transfer pricing consulting                                                                                                         | -                          | 23,300     |
| Other taxation advice                                                                                                               | -                          | 15,580     |
|                                                                                                                                     | -                          | 86,980     |

|                                                                                           | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------------------------------------------------|----------------------------|------------|
| <b>Other services</b>                                                                     |                            |            |
| Amounts paid/payable to BDO for other services for the entity or any entity in the Group: |                            |            |
| Due diligence – other BDO-related firm                                                    | -                          | 11,327     |
| Whistleblower services                                                                    | -                          | 6,500      |
| Other accounting advice                                                                   | -                          | -          |
|                                                                                           | -                          | 17,827     |
|                                                                                           | -                          | 399,963    |

## Note 28: Summary of other significant accounting policies

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out in relevant sections of the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

### (a) Basis of preparation

#### (i) New, revised or amended Accounting Standards and Interpretations adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2023 materially affected the amounts recognised in the current period or any other prior period and are not likely to affect future periods.

#### (ii) New accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity's assessment of the impact of the new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity is not material.

### (b) Foreign currency transactions

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in profit or loss on a net basis within other income or other expenses, unless they relate to borrowings, in which case they are presented as a part of finance costs.



Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was measured.

The functional currency of the overseas subsidiaries is measured using the currency of the primary economic environment in which that entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the closing rate at the end of the reporting period and income and expenses are translated at the average exchange rates for the year.

All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## **(c) Financial instruments**

### **(i) Non-derivative financial assets**

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are initially recognised at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Refer to Note 23 for further details.

### **(ii) Financial assets measured at amortisation cost**

A financial asset is subsequently measured at amortised cost, using effective interest method and net of any impairment, if:

- the asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group assesses at each reporting date whether there is objective evidence that a financial asset (or group of financial assets) is impaired.

Refer to Notes 6 and 7 for further details.

### **(iii) Non-derivative liabilities**

The Group initially recognises loans on the date when they originated. Other financial liabilities are initially recognised on the trade date. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Refer to Note 12 for further details.

## (d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, unless the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST receivable or payable included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

# UNRECOGNISED ITEMS

## In this section

Unrecognised items provide information about items that are not recognised in the consolidated financial statements but could potentially have a significant impact on the Group's financial position and performance.

|                                          |     |
|------------------------------------------|-----|
| UNRECOGNISED ITEMS                       | 127 |
| Note 29: Contingencies                   | 127 |
| Note 30: Events after the reporting date | 127 |

## Note 29: Contingencies

Contingencies relate to the outcome of future events and may result in an asset or liability, however due to current uncertainty do not qualify for recognition.

### Estimates of the potential financial effect of contingent liabilities that may become payable

|                                            | Consolidated<br>2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------|--------------------------------|----------------|
| Guarantees provided by the Group's bankers | 3,093                          | 3,100          |

The Group's bankers have provided guarantees to third parties in relation to premises leased by Group companies. These guarantees have no expiry term and are payable on demand and are secured by a fixed and floating charge over the Group's assets.

## Note 30: Events after the reporting date

Apart from the final dividend, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Company in the financial years subsequent to 30 June 2023.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The consolidated financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. The Company has included in the notes to the consolidated financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 52 to 71 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001*.
5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



**Susan Forrester**  
Chair of the Board

Brisbane, 25 August 2023



**Mike Veverka**  
Chief Executive Officer and Executive Director



Building a better  
working world

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## Independent auditor's report to the members of Jumbo Interactive Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Jumbo Interactive Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Impairment Assessment of Goodwill and Non-current Assets

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 30 June 2023 Goodwill totals \$29,554,000. Note 9 discloses goodwill and other intangible assets allocated to each of the Group's cash generating units (CGUs), the method applied in testing impairment, and the key assumptions used.</p> <p>The annual impairment assessment of intangible assets performed by the Group is a key audit matter due to the value of the intangible assets relative to the total assets, and the degree of estimation and judgement involved in the assessment including: terminal growth rate and discount rate, specifically concerning future discounted cash flows.</p> | <p>Our audit considered the relevant requirements of the Australian Accounting Standard AASB 136 <i>Impairment of Assets</i>.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ Assessing the Group's definition and identification of CGUs for consistency with relevant Australian Accounting Standards, and assessing any changes in CGUs including for acquisitions in the period. We also assessed any impairment for each of the Group's individually significant CGUs.</li> <li>▶ Evaluating the Group's indicators of impairment, including the Group's market capitalisation compared to its net assets.</li> <li>▶ Assessing the reasonability of the Group's cashflow forecast models used to estimate the recoverable amount by: <ul style="list-style-type: none"> <li>▶ Assessing the mathematical accuracy and historical forecasting accuracy of the cash flow model.</li> <li>▶ Agreeing the cash flows to board approved forecasts.</li> <li>▶ Assessing the application of key assumptions used in the cashflow models.</li> <li>▶ Performing sensitivities of the impairment model to assess the reasonably possible change in key assumptions relating to the cash flow forecasts, terminal growth rate or discount rate applied.</li> </ul> </li> <li>▶ Involving our valuation specialists to evaluate the reasonability of the discount rate and terminal growth rate assumptions used by the Group.</li> <li>▶ Assessed the adequacy of the disclosures in Note 9 to the financial report.</li> </ul> |



## Revenue Recognition

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 30 June 2023 the Group recognised \$118,712,000 of revenue. Lottery Retailing revenue is significant and includes agent commission received from The Lottery Corporation and administration fees received from the customers at the time an entry is purchased by the customer as disclosed in Note 2.</p> <p>Significant audit effort is required in the assessment and measurement of Revenue recognition and is considered a key audit matter.</p> | <p>Our audit considered the relevant requirements of the Australian Accounting Standard AASB 15 <i>Revenue from Contracts with Customers</i>. Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ Obtaining an understanding of the services rendered by the business segment of the Group and the related revenue recognition policy for the services rendered by the Group.</li> <li>▶ Assessing revenue recognition processes and practices including the evaluation of key internal controls over revenue recognition and principal versus agent consideration.</li> <li>▶ On a sample basis we assessed the completeness, accuracy and timing of revenue recognition on a net basis. In addition we tested the timeliness of revenue recognition by agreeing individual sales transactions to customer ticket purchase, obtaining evidence of payments from customers and the associated cost of sales related to the transaction.</li> <li>▶ Assessing the customer liability account at year end to confirm revenue was recorded in the appropriate period for tickets purchased.</li> <li>▶ Assessing the validity of the manual revenue journals by testing to supporting documentation.</li> <li>▶ Assessed the adequacy of the disclosures in Note 2 to the financial report.</li> </ul> |

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 52 to 70 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Jumbo Interactive Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young



Susie Kuo  
Partner  
Brisbane  
25 August 2023

## SHAREHOLDER INFORMATION

The Company has 62,898,394 ordinary shares on issue, each fully paid. There are 10,387 holders of these ordinary shares as at 31 July 2023. Shares are quoted on the Australian Securities Exchange under the code JIN and on the German Stock Exchange.

In addition, there are 319,152 rights over ordinary shares on issue but not quoted on the Australian Securities Exchange.

## Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at [https://www.jumbointeractive.com/governance/corporate\\_governance\\_statement.pdf](https://www.jumbointeractive.com/governance/corporate_governance_statement.pdf)

### (a) The range of fully paid ordinary shares as at 31 July 2023

| Range              | Total         | Holders       | Units      | % of issued capital |
|--------------------|---------------|---------------|------------|---------------------|
| 1 – 1,000          | 7,517         | 2,475         | 545        | 3.94                |
| 1,001 – 5,000      | 2,331         | 5,400         | 640        | 8.59                |
| 5,001 – 10,000     | 301           | 2,234         | 307        | 3.55                |
| 10,001 – 100,000   | 209           | 4,914         | 098        | 7.81                |
| 100,000 – and over | 29            | 47,873        | 804        | 76.11               |
| Rounding           |               |               |            | 0                   |
| <b>Total</b>       | <b>10,387</b> | <b>62,898</b> | <b>394</b> | <b>100.00</b>       |

### (b) Unmarketable parcels

|                                             | Minimum parcel size | Holders | Units |
|---------------------------------------------|---------------------|---------|-------|
| Minimum \$500.00 parcel at \$15.36 per unit | 33                  | 288     | 3,359 |

The number of shareholders holding less than the marketable parcel of shares is 311 (shares 4,118)

### (c) Substantial holders of 5% or more fully paid ordinary shares as at 31 July 2023

| Name                          | Notice date       | Ordinary Shares | Percentage Held |
|-------------------------------|-------------------|-----------------|-----------------|
| Veston Pty Ltd and associates | 4 April 2022      | 8,849,582       | 14.10%          |
| Selector Funds Management Ltd | 22 September 2020 | 3,298,130       | 5.24%           |

### (d) Voting rights

The voting rights attached to each class of equity security are as follows:

#### Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## Options and Rights over Unissued Shares

Holders have no voting rights until their options/rights are exercised.

### (e) Top 20 holders of fully paid ordinary shares as at 31 July 2023

| Name                                                                | Units             | % of Units   |
|---------------------------------------------------------------------|-------------------|--------------|
| 1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                        | 11,158,182        | 17.74        |
| 2. CITICORP NOMINEES PTY LIMITED                                    | 8,426,258         | 13.40        |
| 3. VESTEON PTY LTD                                                  | 8,116,307         | 12.90        |
| 4. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                        | 7,293,278         | 11.60        |
| 5. NATIONAL NOMINEES LIMITED                                        | 2,838,040         | 4.51         |
| 6. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM                     | 1,647,020         | 2.62         |
| 7. BNP PARIBAS NOMS PTY LTD <DRP>                                   | 1,645,850         | 2.62         |
| 8. MR BARNABY COLMAN CADDICK                                        | 1,125,000         | 1.79         |
| 9. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>            | 924,346           | 1.47         |
| 10. MR MIKE VEVERKA <VEVERKA S/F A/C>                               | 666,791           | 1.06         |
| 11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2               | 500,244           | 0.80         |
| 12. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>      | 377,922           | 0.60         |
| 13. BERGADE INVESTMENTS PTY LTD <BERGADE FAMILY A/C>                | 307,599           | 0.49         |
| 14. SEYMOUR GROUP PTY LTD                                           | 260,000           | 0.41         |
| 15. MASFEN SECURITIES LIMITED                                       | 245,000           | 0.39         |
| 16. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> | 232,601           | 0.37         |
| 17. BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>                   | 226,672           | 0.36         |
| 18. MR JOHN ROSAIA                                                  | 214,438           | 0.34         |
| 19. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>               | 202,832           | 0.32         |
| 20. BNP PARIBAS NOMS (NZ) LTD <DRP>                                 | 198,672           | 0.32         |
| <b>Total Top 20 shareholders of ordinary fully paid shares</b>      | <b>46,607,052</b> | <b>74.10</b> |
| <b>Total remaining holders balance</b>                              | <b>16,291,342</b> | <b>25.90</b> |

### (f) Unquoted securities as at 31 July 2023

Rights over Unissued Shares. A total of 319,152 rights are on issue to employees for services rendered.

| Exercise Price | Expiry date     | Number on issue | Number of holders |
|----------------|-----------------|-----------------|-------------------|
| \$nil          | 1 July 2024     | 92,965          | 4                 |
| \$nil          | 4 November 2023 | 40,984          | 3                 |
| \$nil          | 4 November 2023 | 14,590          | 11                |
| \$nil          | 1 July 2025     | 57,572          | 5                 |
| \$nil          | 1 July 2024     | 2,732           | 2                 |
| \$nil          | 1 July 2025     | 2,732           | 2                 |
| \$nil          | 28 August 2027  | 107,577         | 16                |

### (g) On-market buy-back

The Group announced an on-market share buy-back of up to \$25 million on 26 August 2022 and commenced buying back shares in September 2022. As at 31 July 2023, 209,269 shares (0.33% of issued capital) had been purchased, representing \$2.6 million at an average buy-back price of \$12.58. The Board has agreed to continue the on-market share buy-back program and will maintain a disciplined approach to execution. The timing and number of shares to be purchased remains dependent on the prevailing share price and alternative capital deployment opportunities. The Company reserves the right to vary, suspend or terminate the share buy-back program at any time.

## (h) Restricted securities

There are no restricted securities or securities subject to voluntary escrow (outside of an employee incentive scheme) that are on issue.



## COMPANY INFORMATION

Jumbo Interactive Limited

ABN 66 009 189 128

[www.jumbointeractive.com](http://www.jumbointeractive.com)

### Directors

Susan M Forrester AM (Non-Executive Chair)

Sharon A Christensen (Non-Executive Director)

Giovanni Rizzo (Non-Executive Director)

Mike Veverka (Executive Director and Chief Executive Officer)

### Chief Financial Officer

David Todd

### Company Secretary

Graeme Blackett (Company Matters)

### Registered Office

Level 1, 601 Coronation Drive, Toowong, QLD 4066

Telephone: 07 3831 3705

Facsimile: 07 3369 7844

### Auditor

Ernst & Young

Level 51, 111 Eagle Street, Brisbane, QLD 4000

### Share Registrar

Computershare Investor Services Pty Ltd

Level 1, 200 Mary Street, Brisbane, QLD 4000

Telephone: 07 3237 5999

Facsimile: 07 3221 9227