



9 November 2023

## Jumbo 2023 AGM Chair and CEO Addresses and Trading Update

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Jumbo Interactive Limited's (**Jumbo**) 2023 Annual General Meeting (**AGM**) will be held today at 11:00am Australian Eastern Standard Time (AEST). The meeting will be held in a hybrid format, with shareholders able to attend in person at Level 1, 601 Coronation Drive, Toowong and via the AGM platform which can be accessed at <https://meetnow.global/MR5MU72>.

The Chair's and CEO's addresses to be delivered at the AGM, and AGM presentation including trading update, are enclosed.

More information on the AGM, including the 2023 Notice of Meeting, is available on the Jumbo website. If you are unable to join the AGM live, a recording will be made available on the Jumbo website later today.

**- Ends -**

Authorised for release by the Board of Directors.

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### About Jumbo Interactive

Jumbo is a digital lottery specialist, providing 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.

Jumbo was founded by Chief Executive Officer Mike Veverka in 1995 with a single computer. Since then, it has matured into a leading digital lottery retailer and lottery software provider with over 250 employees across Australasia, the United Kingdom (UK) and Canada. In FY23, Jumbo helped raise over \$230m for good causes for our charity partners. Jumbo was listed on the ASX in 1999.



## **CHAIR'S ADDRESS – SUSAN FORRESTER**

### **Introduction**

Good morning and welcome to Jumbo Interactive's 2023 Annual General Meeting.

For the second year running, we are holding a hybrid AGM which means you can attend both in person or virtually. As your Chair, I'm pleased to be providing you with an update on Jumbo's progress today.

If I was to summarise the year I would say: Jumbo has remained focused on executing our long-term growth strategy and has once again delivered solid financial results in an uncertain economic environment.

### **External operating environment**

Since my address at this time last year, our operating environment has been quite dynamic and characterised by uncertainty, whether that be due to the broader macro environment or more recent global geopolitical tensions.

With inflation at record levels, central banks have tightened monetary policy and the uncertainty around interest rates has resulted in volatile equity markets, with investors cautious around the resilience of consumers. As a result, the share prices of small and medium companies have been impacted significantly, with the Small Ordinaries Index underperforming the ASX100 by approximately 20% since January last year.

Labour market conditions continue to be tight. And we are at the beginning of a significant transformation led by Artificial Intelligence, which will revolutionise industries but creates uncertainty and requires appropriate levels of governance.

### **Strategy and financial performance**

In positive news, Jumbo remains very well-positioned to navigate the current operating environment in terms of our strategy and financial performance.

The essence of our strategy has not changed: we are focused on maximising our Lottery Retailing segment in Australia and replicating our capabilities and expertise into other jurisdictions.

Lotteries are still a category that has proven resilient to economic downturns, even in the current environment of higher interest rates and cost-of-living pressure on household budgets.

Jumbo is an innovative and nimble technology company with a vibrant culture that attracts and retains top technology talent.

This means we are very well placed to benefit from the significant opportunities presented by transformative technology such as generative AI.

Overall, FY23 has been an important year for Jumbo. We have made progress with our growth strategy and also maintained solid financial results during a challenging environment.

- We achieved record sales from the \$160 million dollar Powerball jackpot in October last year



- We completed the acquisition of StarVale in the United Kingdom
- We secured a six-year extension of the Mater software as a service agreement
- And also a four-year extension of the Lotterywest software as a service agreement in September 2023.

Despite a somewhat subdued large jackpot environment, Jumbo delivered solid revenue and earnings growth and cash generation for our shareholders.

Lower-than-anticipated revenue from an unfavourable run of jackpots in Lottery Retailing was offset by the contribution from Stride and StarVale and disciplined cost management.

This means our total FY23 ordinary dividend was 43 cents per share, fully franked, up slightly on last year.

### **Lottery sector developments**

Turning now to developments in the lottery sector.

As a collaborating member of the World Lottery Association, Jumbo recognises that responsible gaming is critical to our social licence to operate, and we are committed to facilitating responsible play.

While charity lotteries are a gaming product, they carry far less risk of harm than other forms of gaming such as sports betting and poker machines because players are motivated to support good causes and the frequency of draws and payouts are lower than for commercial lotteries and other gaming.

Our lower risk of harm has been recognised in the conclusions of the Australian Parliamentary Joint Committee in 2021 and in the recent report into online gambling by the House of Representatives Standing Committee on Social Policy and Legal Affairs.

As a result of the findings from both inquiries, lottery services have not been included in the legislation which proposes bans on the use of credit cards for online wagering, nor have they been included in any recommendations to ban advertising for online gambling across all media in Australia.

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

As a digital lottery specialist, the player experience is at the heart of what we do, and responsible play principles are embedded in our technology.

We train our customer-facing employees on responsible play principles and how to identify signs of problem gambling.

We also make gambling assistance resources readily available on our websites and during interactions with our employees.

### **Board and Corporate Governance**

Strong governance, conduct, and ethics are prerequisites for operating in a highly regulated industry like ours and maintaining the trust of our clients and customers.



I joined the Board in September 2020 with a mandate to ensure Jumbo had the robust governance practices and frameworks it needed to support our growth strategy.

Since then, we have realigned responsibilities for corporate compliance within the Group and enhanced both our legal and internal audit resourcing across our jurisdictions.

Equally importantly, we have fostered a proactive risk management culture to ensure the Board is appropriately supported in its oversight role.

When it comes to governance, it is important to avoid complacency because new risks continually emerge. We will continue to review our structure and internal capabilities to ensure we maintain the appropriate standards of governance.

It is worth noting that data protection, privacy, and cyber risk remain a significant focus for the Board. We continue to work hard to keep up to date with emerging data governance regulation and best practices and to ensure we have the appropriate infrastructure to protect the integrity of our service offering and the privacy of our customers.

In line with the normal rotation rules in our constitution, today I am standing for re-election as Chair of the Board. I will address the meeting when we reach the resolution for my re-election.

On the topic of the Board, I acknowledge some proxy advisor and shareholder feedback on the size of our Board, specifically that the current Board size of four directors is smaller than the average for similar sized companies in the ASX300. As the business continues to grow, we believe there is scope to appoint an additional non-executive director. We will use the most recent Board skills matrix to determine the skills and expertise that would be most beneficial.

The Board conducts annual reviews of its own performance and reviews its skillset regularly.

The reviews have found that we do work cohesively and respectfully with management, while providing sufficient challenge and keeping them firmly accountable for Jumbo's performance.

Additionally, as a relatively small Board we remain nimble and can make decisions in a timely manner.

## **Our People**

Jumbo and our people are proud of our vibrant, nimble, and innovative workplace culture which drives our success.

We are delighted that Jumbo was certified as a Great Place to Work globally in April this year. This certification not only signals our strong workplace culture and the positive regard our team members have towards Jumbo as an employer, but it also enables us to continue to attract top talent and strengthen our overall employer brand.

While we are seeing a shift towards a more favourable employer market, the labour market remains tight. The work we have done on improving our Employee Value Proposition combined with more sophistication in our recruitment processes has led to increased engagement with candidates, improved time to hire metrics, higher than average applications for roles, and positive candidate feedback.





As we integrate Stride and StarVale, we are focused on aligning cultures and building strong relationships between our employees.

Where appropriate, we are implementing common systems and tools, such as a global onboarding program, communication platforms, recognition and reward initiatives, talent management, and learning and development frameworks.

Earlier this year, Jumbo transitioned to a hybrid work model and asked our teams to attend the office on core days each week. This mix provides employees with time for quiet concentration at home and time for collaboration at work, and it has enhanced our productivity, engagement, and work-life balance.

## **Sustainability**

Jumbo is on a mission to create positive social change by making lotteries easier. This year we delivered our second Sustainability report with a focus on five key areas.

Firstly, for our players, our focus is to deliver a fun and safe player experience.

For our charity partners, our focus is to empower them with best-in-class technology to minimise the effort involved in managing lotteries and maximise the opportunity to sustainably raise funds for their mission or cause.

Our people continue to be our greatest asset. We have been focussed on ensuring Jumbo remains a sought-after employer for not just the best technology talent but other professional services roles such as marketing, business development, people and culture, and finance.

Diversity, Equity, Inclusion and Belonging has also been an important aspect of our Sustainability agenda and we are a signatory to HESTA's 40:40 Vision, aimed at achieving gender balance in executive leadership across ASX 300 companies.

On the Environment front, we were delighted to receive our Climate Active Certification last month after undergoing a rigorous assessment using the only Australian Government-accredited carbon neutral certification scheme.

We have developed a community engagement framework and identified corporate sponsorships that align with our vision, mission and core values, including Women in Lottery Leadership, Women in Digital, WattleNest and Paralympics Australia.

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.

## **Conclusion**

To conclude, I would like to acknowledge the entire Jumbo team for the energy and focus that they bring to their roles every day. In particular, and on behalf of the Board, we would like to thank David Todd, our former CFO, for 16 years of dedication and service, and the invaluable contribution he has made to Jumbo. We wish him and his family the very best for the future.

As a Board, we remain focused on providing sound governance and diligent stewardship of the Company's strategy and culture.



We continue to encourage management to invest in our technology, people, international growth opportunities and sustainability, which will be critical to delivering long term for all our stakeholders.

I thank my fellow Board members for their counsel and support throughout the year.

I will now hand over to Mike to present a more detailed review of the Group's performance. Thank you and I look forward to taking your questions later in the meeting.



## **CEO AND FOUNDER'S ADDRESS – MIKE VEVERKA**

Thank you Sue and good morning everyone.

Welcome to the 2023 Jumbo Interactive Annual General Meeting, my 25<sup>th</sup> meeting as CEO and Founder.

### **Jumbo's mission**

Jumbo started with a single computer in 1995 and we patiently explored e-Commerce opportunities before finding our niche in digital lotteries in 2000. 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.

### **FY23 key highlights**

In FY23, our nimble operating model proved its worth. Good cost discipline and a handful of large Powerball jackpots greater than or equal to \$100 million offset the impact of what was a relatively unfavourable and volatile run of jackpots. FY23 included only five jackpots greater than \$50 million, compared to 13 in the prior corresponding period. In response, we were able to reduce our marketing spend and optimise our cost base to deliver a class-leading underlying Group EBITDA margin, excluding acquisitions, of 51.0%, exceeding our original margin guidance of 48% to 50%.

Despite the unfavourable jackpot run, Lottery Retailing delivered a resilient performance, underpinned by a record \$160 million Powerball in October 2022 and an improved revenue margin due to product mix and pricing changes implemented late in the financial year.

SaaS continues to deliver reliable growth and it was great to see Lotterywest achieve an 8% increase in total transaction value amid the weaker run of jackpots.

Both Stride and StarVale performed in line with our expectations and helped drive continued growth in overall revenue and earnings.

And finally, the balance sheet remains in robust and provides flexibility to drive further growth.

### **Lotteries as an asset class**

Over the past two decades, lotteries, particularly draw-based games, are an asset class that has delivered solid and consistent growth, and proven to be resilient to economic downturns and recessions. The Powerball game change in April 2018, which resulted in significantly larger jackpots led to a step up in total ticket sales in FY19, which is coincidentally when we completed the rebuild of our best-in-class software platform. Pleasingly, that momentum has continued, with even stronger growth, albeit subject to jackpot volatility.

Lotteries' share of household spend has also remained relatively stable over the last decade. Whether it's the prospect of changing your life, or a form of fun or entertainment, or just the fear of missing out, people continue to play the lottery.

While the rate of digital penetration growth slowed in FY23 to a little over 38%, we expect this to trend higher as it is still well below other jurisdictions around the world and of course still behind other industries such as online banking, music, accommodation, housing and car sales.



## Digital lottery innovation

Initially, our focus was on developing a platform specifically to deal with the nature of lotteries - very high volumes compressed into a short time frame, for example, just before a large draw. This extended to creating a best-in-class player experience – improving the player interface, maximising convenience, minimising friction, and leveraging data and analytics to drive personalisation at scale.

Lotto Party, a convenient and engaging way for players to pool their funds with friends, family, and others, is a testament to our innovative spirit. Not only does it enhance the odds by enabling more entries for participants, but it also ensures the secure and seamless proportional distribution of winnings based on individual contributions.

Lotto Party shows a player's avatar and first name, adding a touch of personality and humanising the experience, making it evident that participants are playing with real people. Lotto Party ensures that players need not worry about managing funds or chasing friends for their share – we've got it all handled.

A testament to the effectiveness and appeal of Lotto Party came during the Superdraw on Saturday 31 July 2021. For that draw, three brothers from New South Wales combined their funds to purchase a ticket through Lotto Party and walked away with over \$2 million from the \$20 Million Superdraw.

Their story is both endearing and powerful: it was their first purchase with Oz Lotteries. They had always bought individual tickets until one of them suggested trying out Lotto Party. Little did they know this decision would forever change their lives. As they joked about potential ventures like opening a pizza shop named "3 Brothers", their story resonated with many, epitomising the joy of shared success. Since its introduction in 2018, Lotto Party has become the preferred choice for our syndicate players on Oz Lotteries. Our data reveals that during peak jackpot periods, there's a marked surge in popularity, a trend we credit to its social and personal appeal. Feedback consistently highlights the platform's ease of use and the peace of mind it offers by eliminating the often stressful task of gathering contributions from peers.

## Artificial Intelligence (AI)

As a software company, Jumbo has always been an early adopter of new technology. We research, develop and test new technology before deploying it to all our partners. Our partners recognise the need to stay ahead of technology and look to Jumbo for guidance and leadership in this area. AI is no different.

I have personally been fascinated by neural networks since 1995 and have followed the development of AI ever since. In 2020 I was fortunate enough to be part of the private beta for OpenAI's GPT-3 which developed into the ChatGPT we know today.

Two weeks ago I delivered a presentation on the impact of AI in the lottery industry at the Asia Pacific Lottery Association conference in Bangkok. Jumbo has already been using Machine Learning to improve the customer experience for a few years now and the new advances in Generative AI provide further opportunities for us. These include further improvements to customer experience, support, fraud detection and problem gambling protection.

However, this comes with the responsibility to deploy AI with appropriate guardrails and thorough



testing. The complexity, risk and cost involved in safely deploying new technology is a key reason why lotteries choose to partner with Jumbo.

## **Global opportunities**

Through mergers and acquisitions, we are able to enhance our existing portfolio of assets and enable access to new markets, complementary capabilities and propositions, and build scale. We are focused on established, profitable businesses with long-standing relationships with their charity clients, and opportunities to drive growth and scale using our technology, lottery expertise and existing capabilities.

In the UK, for example, with Gatherwell and StarVale, we now have access to the full spectrum of charity lottery management and raffle services across grass-roots, mid-market and enterprise clients.

In Canada, following the granting of a Gaming Service Provider license in British Columbia in late 2022, Stride was recently granted a Gaming-Related Supplier license in Ontario. Stride now has a great opportunity to expand into the provinces of British Columbia and Ontario, where the population size is over three times that of its existing footprint.

Over the last three years, our Managed Service segment has grown from approximately \$2 million in revenue to \$23 million on a proforma basis.

I recently returned from Canada and the UK after visiting the Stride, Starvale and Gatherwell teams. I am impressed with the changes that have occurred in those businesses as they become more aligned with Jumbo and are reinvigorated with new opportunities.

## **Lottery Retailing**

The large jackpot environment for the first quarter of FY24 was solid with 11 large jackpots and an aggregate value of \$410 million, equivalent to an average value per jackpot of \$37.3 million. October 2022 provided a formidable comparable period with 5 large jackpots and an aggregate value of \$390 million including a \$100 million and \$160 million Powerball jackpot. This compares to an aggregate value of only \$185 million in October this year, less than half of the prior corresponding period.

As expected, given the strong jackpots in the pcp, Lottery Retailing TTV growth was down in the first four months of FY24. Pleasingly, revenue increased 3%, underpinned by higher margins as a result of the pricing changes implemented in May 2023. Any level of regression following the pricing changes has been minor to date, however we will continue to closely monitor player behaviour.

## **SaaS and Managed Services**

Today we have also provided the SaaS and Managed Services TTV and revenue figures for the first quarter of FY24. SaaS TTV and external revenue increased 20% respectively. Pleasingly Lotterywest TTV growth continues to outpace Lottery Retailing.

The 1QFY24 Managed Services figures reflect contributions from Gatherwell and StarVale in the UK, and Stride in Canada. 1QFY24 benefitted from the contribution from StarVale which is not in the prior corresponding period as we only completed the acquisition on 1 November 2022.



Excluding the impact of StarVale, revenue growth in the Managed Services segment remains in line with our expectations.

### **FY24 Outlook**

Turning now to our FY24 Outlook which remains unchanged. We continue to target a Group EBITDA margin in the range of 48% to 50%, excluding the impact of employee incentives and share-based payments. We continue to target growing revenues faster than operating expenses this year. FY24 will also see the final step up in the service fee paid to The Lottery Corporation. Going forward, as the service fee will remain constant, we will be focussed on generating strong operating leverage from our agreement with The Lottery Corporation, as we did in the years prior to the introduction of the service fee.

Looking abroad, we remain focused on growing the business through acquisitions that drive an uplift in earnings per share and deliver synergistic benefits for the Group.

### **Conclusion**

Before I conclude my presentation, I would like to take this opportunity to thank our staff for their hard work and commitment, and how as a team we have adapted to the changing work environment and the shift to a hybrid work model. It has been great to connect with our teams in person, both here in Brisbane but also internationally, in the UK and Canada.

I would also like to take this opportunity to thank David Todd. Dave's invaluable insights, incomparable work ethic and unwavering commitment to the team are an inspiration to us all. We wish Dave the very best for the future.

Finally, I would also like to thank you, our shareholders, for your ongoing support as we continue to grow the business and aspire to be the number one choice in digital lottery and services globally.

I'll now hand back to Sue.

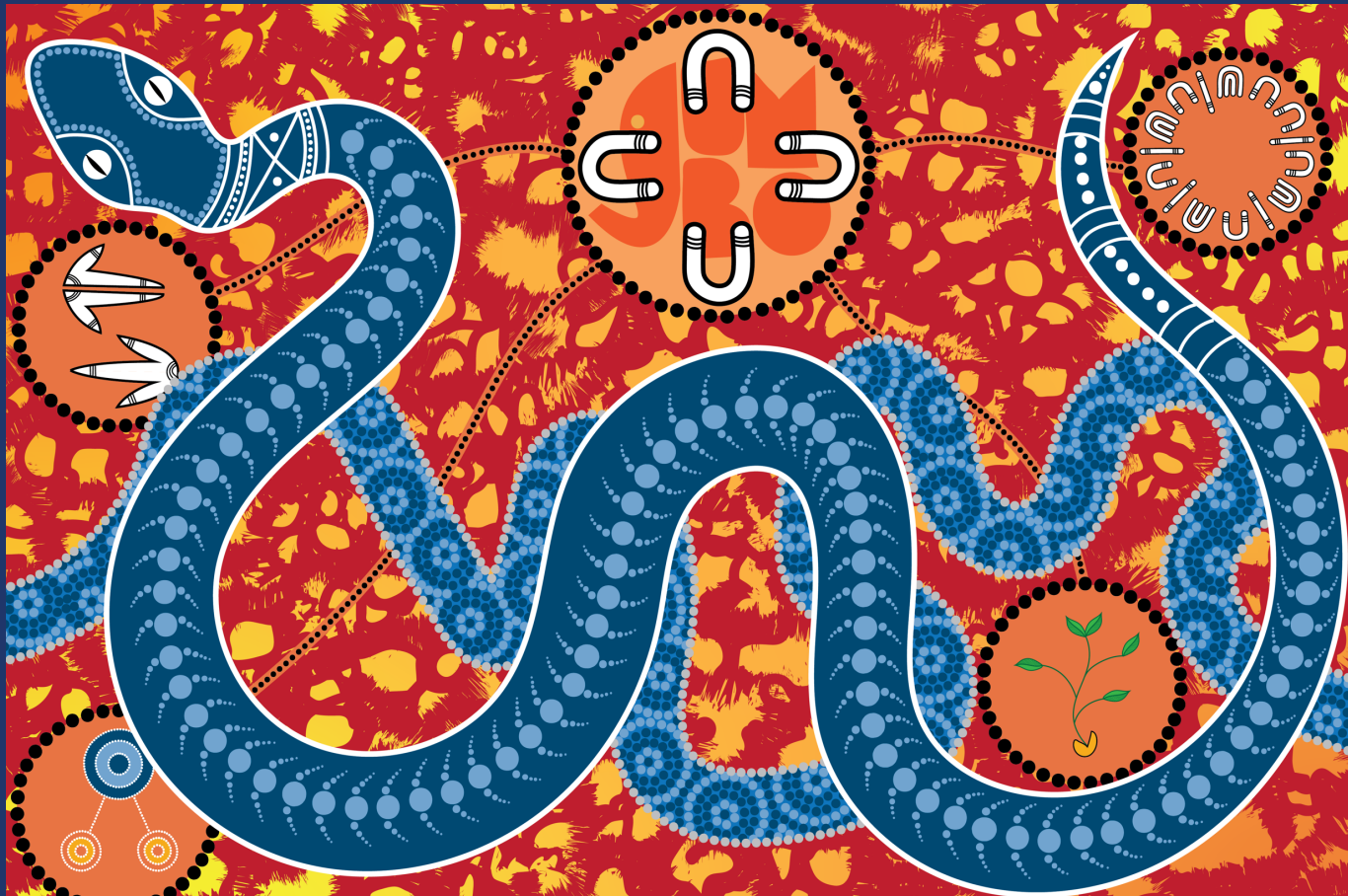
# 2023 Annual General Meeting

9 November 2023





# Acknowledgment of country



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 any Aboriginal or Torres Strait Islander people engaging with this presentation.

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.

#### Artist acknowledgement

Chad Briggs, local Yugambah artist  
Depicted in the art, you can see the Rainbow Serpent across the page representative of life and creation. Visible beneath is the Brisbane river, paying homage to our beginnings in Brisbane. Clockwise, right to left, Bora's (circle images) depict threads of Jumbo's history. Our Australian region in blue, with trails connecting to our growing businesses in the UK and Canada; the kangaroo and emu, always moving forward; all of our people at Jumbo, in the centred Bora; our stakeholders and the lives of each person we impact through our services; and, an image of a green shoot, symbolic of our reconciliation journey.



# Chair's address



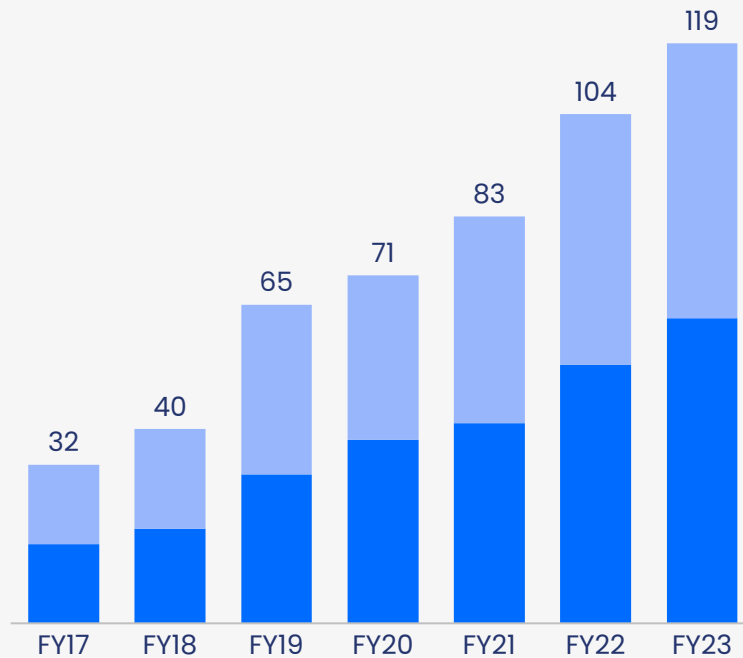
Susan Forrester



# Successfully growing earnings and cash generation

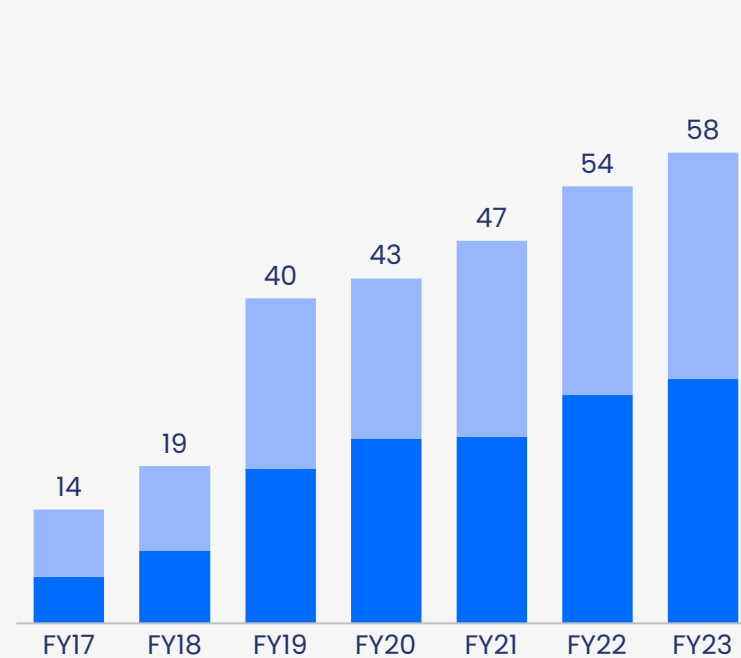
## Revenue (\$m)

▲ +24% FY18 – FY23 CAGR



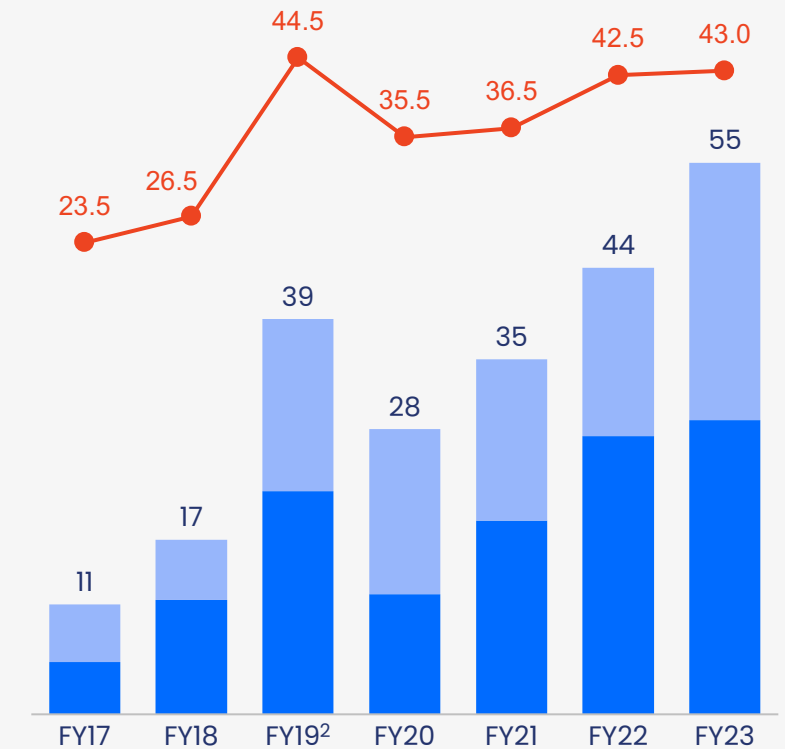
## EBITDA (\$m)

▲ +25% FY18 – FY23 CAGR



## Operating cashflow (\$m)

▲ +26% FY18 – FY23 CAGR



■ 2H ■ 1H ● Dividend declared (cps)<sup>1</sup>

1. FY17, FY18 and FY19 include special dividends.
2. Reflects timing impact where trade and other payables was \$22m (FY18:\$14m), as payments to The Lottery Corporation are a week in arrears.

# Responsible Play





# Board of directors



**Susan Forrester AM**

Chair of the Board,  
Independent Non-Executive  
Director

Appointed September 2020



**Mike Veverka**

Chief Executive Officer and  
Founder,  
Executive Director

Appointed September 1999



**Sharon Christensen**

Independent Non-Executive  
Director

Appointed September 2019



**Giovanni Rizzo**

Independent Non-Executive  
Director

Appointed January 2019



# Our people





# 2023 sustainability highlights

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

**Climate  
Active  
Certified**  
FY2022

Issued first  
**Modern  
Slavery  
Statement**  
December 2022

Australian operations<sup>2</sup>  
**Carbon  
neutral**

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

**Reflect  
Reconciliation  
Action Plan**  
officially accredited by  
Reconciliation Australia



Certified as a  
**Great Place  
to Work**

**77%**  
Employee  
engagement  
score

**40:40**<sup>VISION</sup>  
Continued commitment to  
**HESTA's vision**  
to increase the proportion of  
women in senior leadership roles

Gender diversity -  
female representation  
**50%** Board  
**28%** Senior Leadership Group  
**44%** Group

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

**89%**  
customer  
satisfaction<sup>3</sup>

1. Return-to-cause funds raised by charity partners, excluding state based lottery taxes from Lotterywest and The Lottery Corporation.  
2. Offset Jumbo's 2019 and 2022 carbon emissions through offset investment.  
3. Lottery retailing for the 12-month period ended 30 June 2023.

# CEO and Founder's address

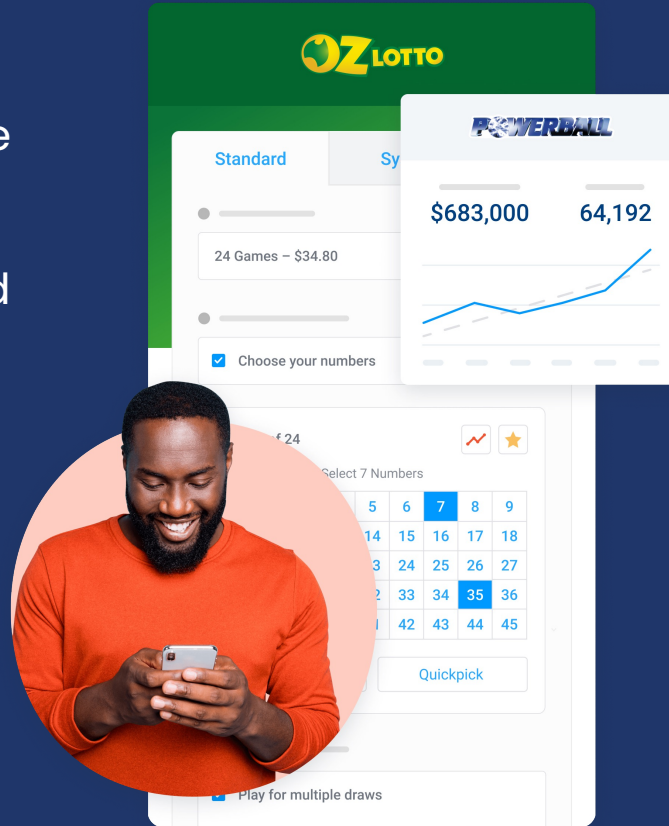


Mike Veverka



# We are a digital lottery specialist

Providing our best in class lottery software platform and lottery management expertise to the charity and government lottery sectors in Australia and globally.



## We exist to create positive social impact through making lotteries easier by being the number one choice in digital lottery and services



Founded in 1995,  
listed on the ASX in 1999



4 million active players



250 employees worldwide



\$235m raised for good causes<sup>1</sup>

1. Return to cause funds raised by our charity partners, excluding state based lottery taxes from Lotterywest and The Lottery Corporation in FY23. Jumbo • 2023 AGM



# FY23 key highlights



## Lottery Retailing

- Record \$160m Powerball in October 2022; Exceptional platform performance
- Improved revenue margin due to product mix and pricing changes
- Robust underlying player health metrics despite unfavourable run of jackpots



## SaaS

- +18%<sup>1</sup> underlying TTV growth driven by Mater
- Extended Mater software licence agreement
- +8% Lotterywest TTV growth underpinned by joint marketing initiative



## Managed Services

- Completed acquisition of StarVale
- Stride and StarVale performing in line with expectations
- Gatherwell ticket sales returned to growth in 4Q23



## Capability

- Disciplined cost management
- Integration of acquisitions on track
- Globally recognized as a Great Place to Work
- Transitioned from fully remote to hybrid model in July 2023



## Balance sheet

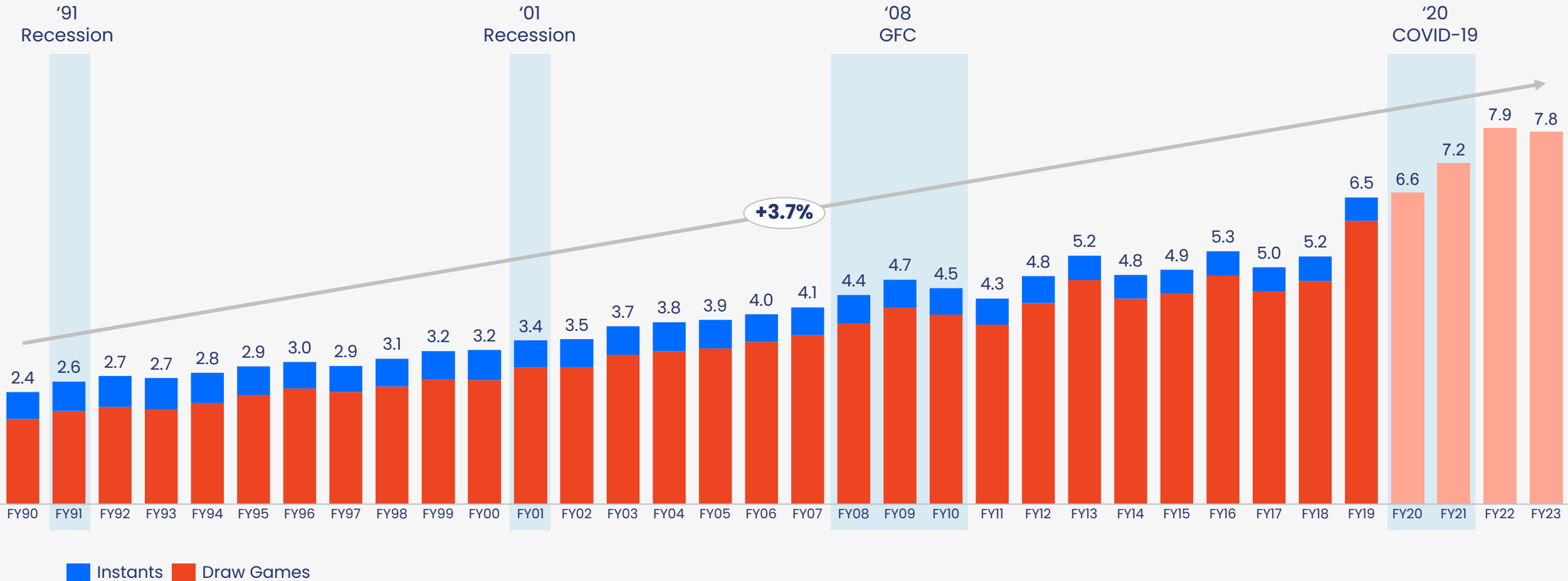
- Strong balance sheet and flexibility to support growth
- \$15m debt to fund StarVale acquisition fully repaid by 30 June 2023
- Pace of execution of on-market share buy-back<sup>2</sup> impacted by unfavourable run of jackpots

1. Excludes impact of Intellitron Pty Ltd in FY22 (sold 30 June 2022).

2. On-market share buy-back of up to \$25m conducted on an opportunistic basis and commenced in September 2022. The timing and number of shares to be purchased has and continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the share buy-back program at any time. As at 30 June 2023, \$2.6m shares had been purchased at an average price of \$12.58.

# Lotteries have proven to be a **highly resilient asset class**

## Australian lotteries sales over time (\$bn)<sup>1,2</sup>



+3.7%

Instant Games Draw Games

Source: Australian Gambling Statistics, Tabcorp/TLC, Lotterywest financial reports.

1. FY90 – FY19; excludes commission, June year end.  
 2. FY21 – FY23: estimated based on Tabcorp/TLC revenue growth.

# Digital lottery innovation



# Harnessing Artificial Intelligence

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

## Already in use



### Marketing

Deploying Machine Learning (ML) to analyse player behaviour, develop predictive models and product recommendations

Incorporating ML into marketing and data-handling procedures and to improve campaign efficiency

Exploring generative AI for copywriting and image generation



### Development

Employing GitHub Copilot (AI-powered software development assistant) to support programmers with auto-complete suggestions during coding sessions

## In development



### Customer Support

Leveraging AI-driven chatbots for 24/7 customer support, simultaneously managing large quantities of customer queries, reducing wait times and allowing customer support team to focus on complex queries



### Operations

Monitoring transactions in real time, contrasting them with past data and rules to identify potential fraud and suspicious activity

Integrating behavioural analysis to identify unauthorised access and proactively promoting Responsible Play

## Governance

Guardrails for the responsible use of AI to ensure the use of these technologies and capabilities is within tolerance of Jumbo's integrity and governance framework and our players' wellbeing continues to be a key consideration



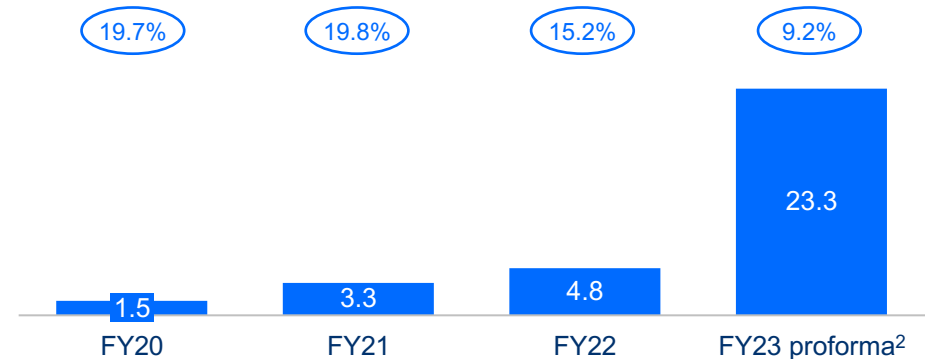
# Current Managed Services propositions

Our current propositions enable access to the full spectrum of lottery management and raffle services across grassroots, mid-market and enterprise not-for-profits.

	Overview	Primary objective
 <p>gatherwell A JUMBO COMPANY</p> <p>Acquired Dec 2019</p>	<p>Focused on digital lotteries for small to medium sized good causes e.g. schools, local authorities</p>	<p>✓ <b>Market access</b></p>
 <p>STRIDE A JUMBO COMPANY</p> <p>Acquired Jun 2022</p>	<p>Provides a full service offering to organisations seeking to fundraise via charitable lottery or fully managed raffle product</p>	<p>✓ <b>Market access</b></p>
 <p>StarVale A JUMBO COMPANY</p> <p>Acquired Nov 2022</p>	<p>Provides a full range of Society Lottery (weekly lottery and raffle) and prize draw services including payment processing</p>	<p>✓ <b>Capabilities and propositions</b></p> <p>✓ <b>Operating scale</b></p>
 <p>JUMBO Fundraising</p> <p>Launched Feb 2021</p>	<p>Lottery management solution (software + services) for enterprise not-for-profit organisations</p>	<p>✓ <b>Leverage Powered by Jumbo</b></p> <p>✓ <b>Expand SAM<sup>1</sup></b></p>

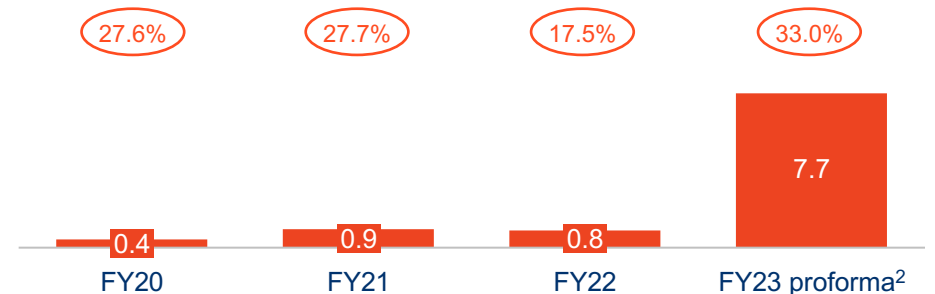
## Revenue contribution (\$m)

Margin %



## EBITDA contribution (\$m)

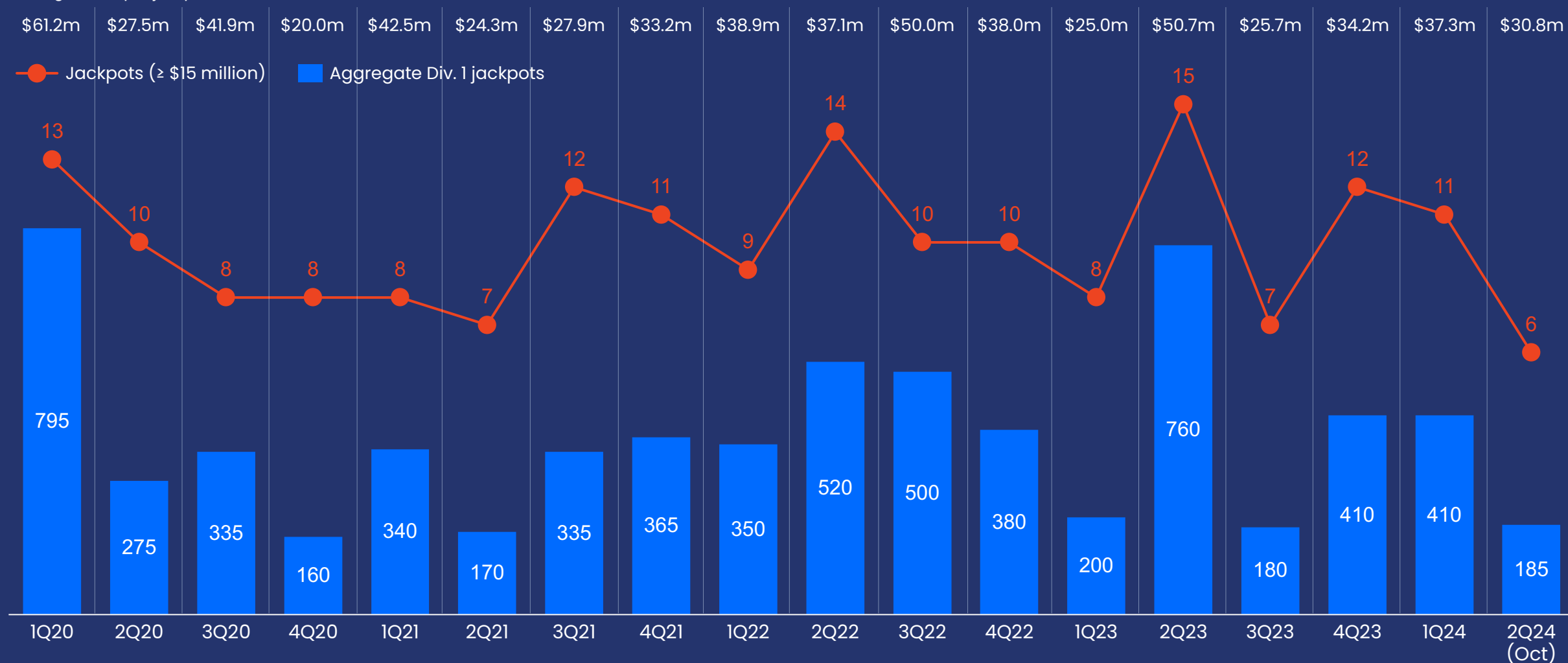
Margin %



1. Serviceable Available Market.  
2. Assumes 12-month contribution from StarVale which completed on 1 November 2022.

# Solid 1QFY24, but subdued start to 2QFY24

Average value per jackpot

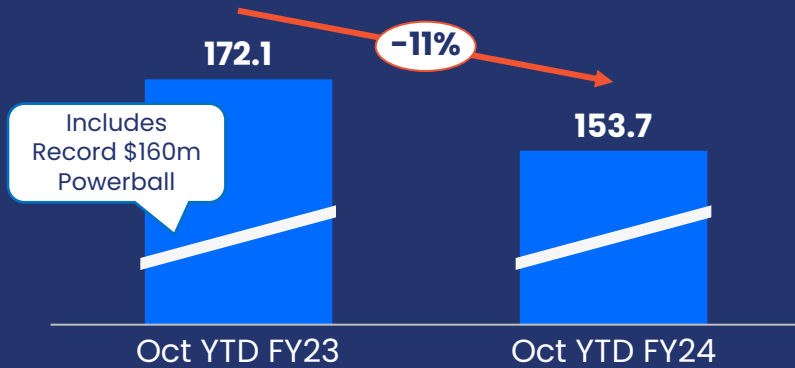


# FY24 Trading update<sup>1</sup>

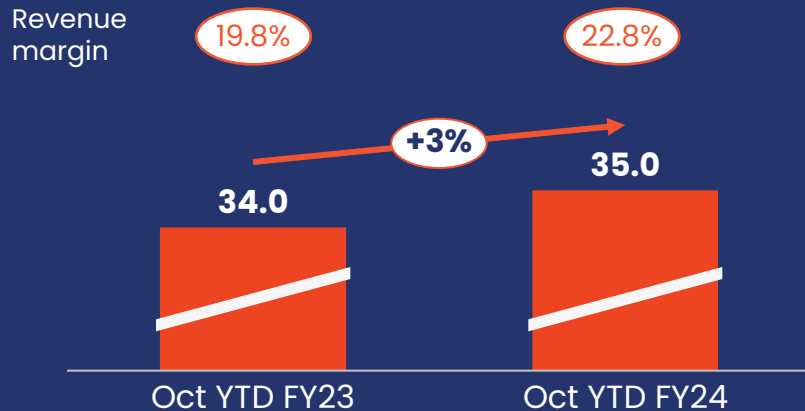
## Lottery Retailing

Four months to 31 October 2023

TTV (\$m)



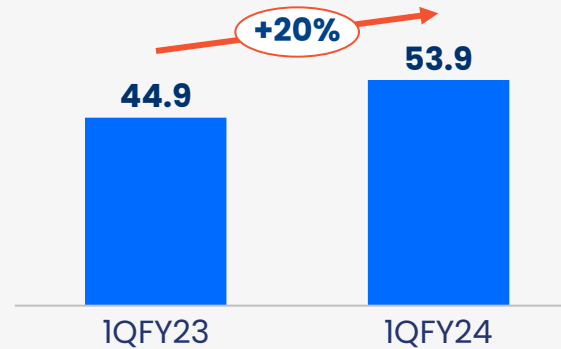
Revenue (\$m)



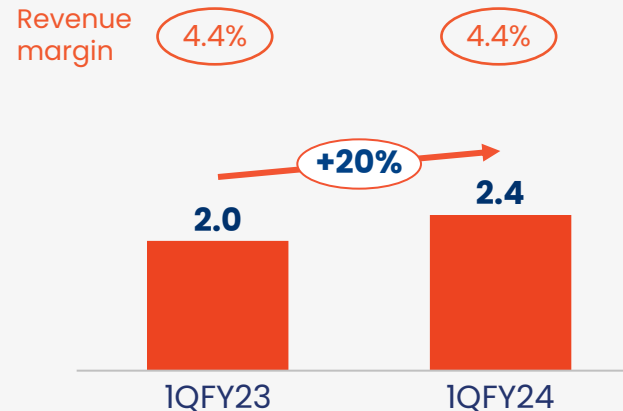
## SaaS

1QFY24

TTV (\$m)



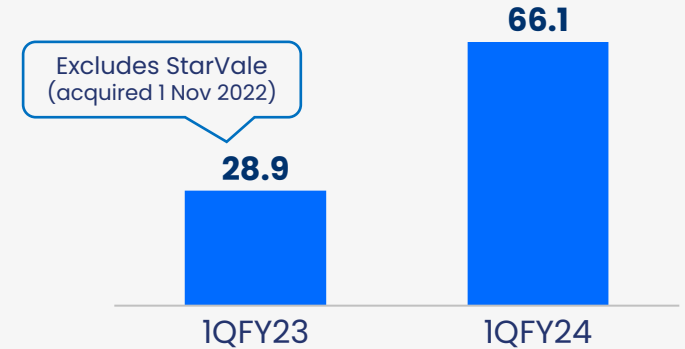
External Revenue (\$m)



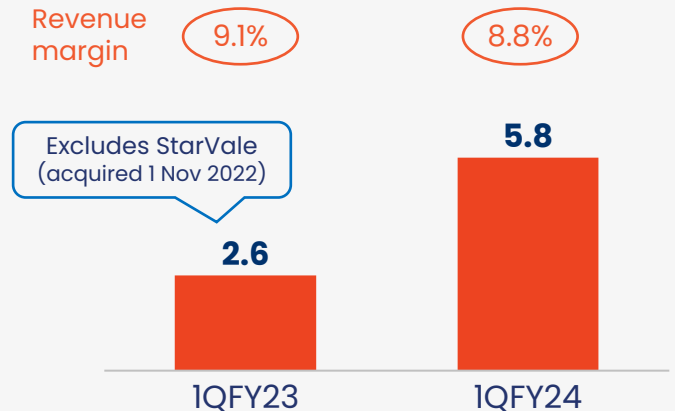
## Managed Services<sup>2</sup>

1QFY24

TTV (\$m)



Revenue (\$m)



1. Figures are based on unaudited management accounts that have not been independently reviewed or verified.

2. Based on FX rate of A\$1.00 = C\$0.90 and £0.53.

# FY24 Outlook – Primed for margin optimisation

## Lottery Retailing\*

- Marketing costs expected to be in the range of 1.5% to 2.0% of TTV (FY23: 1.3%), dependent on jackpots
- Final step up in TLC service fee<sup>1</sup> to 4.65% of subscription price of tickets (FY23: 3.5%)
- Improved revenue margin<sup>2</sup> following portfolio pricing changes announced in May 2023 (FY23: 20.3%)

## Acquisitions (Gatherwell + Stride + StarVale)

- Mid-to-high single digit revenue growth
- Modest investment to optimise governance, seed Jumbo culture and drive future growth

## Group (excluding impact of incentives<sup>3</sup>)

- Underlying operating cost growth to grow at a slower pace than revenue on a like-for-like basis<sup>4</sup>
- Underlying EBITDA margin expected to be in a range of 48% to 50%<sup>1</sup> (FY23: 50.1%)

## Capital

- Strong free cash flow generation with ~100% cash conversion expected
- Targeted dividend payout ratio of 65% to 85% of statutory NPAT
- Strong M&A pipeline supported by balance sheet strength and debt headroom
- On-market share buy-back<sup>5</sup> of up to \$25 million expected to continue into FY24; provides capital flexibility

\* Jackpots remain a significant driver of Lottery Retailing ticket sales (and revenue) and in any given year there is uncertainty as to the exact number and aggregate value of large jackpots.

1. 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.
2. Pro-forma FY23 Lottery Retailing revenue margin following pricing changes estimated to be ~22.8% (based on FY23 jackpot profile and portfolio mix).
3. Excludes the impact of short-term incentives and Share-based Payments (SBP). FY23 benefitted from significantly lower short-term incentive payments due to underlying NPAT growth being below the required hurdle rate.
4. StarVale contributed only 8 months to FY23.
5. On-market share buy-back of up to \$25m conducted on an opportunistic basis and commenced in September 2022. The timing and number of shares to be purchased has and continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the share buy-back program at any time. As at 30 June 2023, \$2.6m shares had been purchased at an average price of \$12.58.



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