



# **JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES**

(ABN 66 009 189 128)

## **APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021**

*This information, given under ASX listing Rule 4.2A, should be read in conjunction with the most recent annual financial report.*

Current period:

1 July 2020 to 30 June 2021

Prior corresponding period:

1 July 2019 to 30 June 2020

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the period ended 30 June:

	Consolidated Group Financial Year		Change \$'000	Change %
	2021 \$'000	2020 \$'000		
Revenue from operations	83,319	71,168	Up 12,151	Up 17.1
Earnings before interest, tax, depreciation and amortisation	47,276	42,641	Up 4,635	Up 10.9
Earnings before interest and tax	39,037	36,654	Up 2,383	Up 6.5
Profit after tax from operations attributable to members	26,959	25,883	Up 1,076	Up 4.2
Total comprehensive income for the period attributable to members	27,208	25,207	Up 2,001	Up 7.9

## DIVIDENDS

On 26 August 2021, Directors declared a final fully franked ordinary dividend of **18.5 cents per share** (2020: 17.0 cents) that will be paid on ordinary shares making a total fully franked ordinary dividend of **36.5 cents per share** (2020: 35.5 cents) as follows:

- Record date: 3 September 2021
- Payment date: 24 September 2021

The Company has no Dividend Reinvestment Plan at present.

## NET TANGIBLE ASSETS

	Consolidated Group Financial Year	
	2021 Cent	2020 Cent
Net Tangible Assets (NTA) per ordinary share	73.3	85.2

The decrease in net tangible assets by 11.9¢ or 14.0% is mainly due to the use of cash (tangible asset) for the payment of the \$15,000,000 Tabcorp extension fee, relating to the new 10-year agreements in August 2020, that has been capitalised and amortised over the term of the agreements (intangible asset). Excluding the impact of the \$15,000,00 Tabcorp extension fee, the NTA would be 96.6¢ per ordinary share.

## CONTROL GAINED OVER ENTITIES

Not applicable.

## LOSS OF CONTROL OVER ENTITIES

Not applicable.

## **DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**

Not material as carrying values are \$nil.

## **AUDIT QUALIFICATION OR REVIEW**

The financial report has been audited and an unqualified opinion has been issued.

## **ATTACHMENTS**

The Annual Report of Jumbo Interactive Limited for the year ended 30 June 2021 is attached.

## **SIGNED**



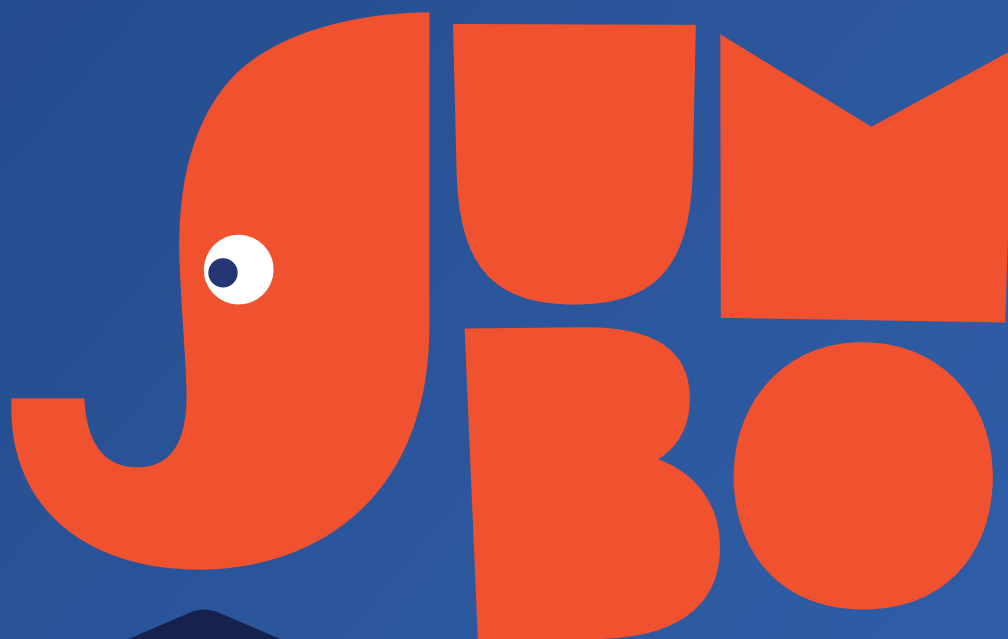
**Susan Forrester**  
**Chair**

Brisbane  
26 August 2021



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

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**Lottery  
Retailing**



**Software-as-  
a-Service**

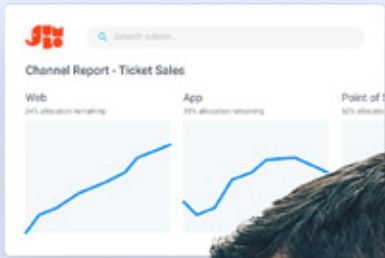


**Managed  
Services**

# **Annual Report 2021**

JUMBO INTERACTIVE LIMITED

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**OZ LOTTO**

Standard \$683,000 64,192

24 Games - \$34.80

☒ Choose your numbers

Game 1 of 24

Select 7 Numbers

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

☒ Play for multiple draws

☒ Purchase Complete

Draw 4501 - Tonight 7:30pm

18 x Standard games

[View](#)

**Your Cart**

☒

<input type="text"/>	<input type="text"/>	<input type="text"/>
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# Performance highlights



**TTV**

**\$487.0m**

▲ 36.7% YOY



**Active players<sup>2</sup>**

**1.8m**

▲ 81% YOY



**Revenue**

**\$83.3m**

▲ 17.1% YOY



**Underlying EBITDA**

**\$48.9m**

▲ 13.2% YOY



**Free cash flow<sup>1</sup>**

**\$28.6m**

▲ 32.9% YOY



**Dividend declared**

**36.5cps**

▲ 2.8% YOY



**Cash balance**

**\$63.1m**

▼ (12.6%) YOY

(1) Cashflow from operating activities less cash flows used for investing activities, excluding cash used for acquisitions of, and investments into, businesses and strategic assets.

(2) Players that made a purchase over the 12 months to 30 June 2021 (FY20 includes Gatherwell and Mater Foundation for 12 months and Deaf Services for approximately 2 months).



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# About Jumbo Interactive

Jumbo Interactive (**Jumbo**) 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.

Jumbo's innovative and player-centric approach to digital lotteries and online retailing make us the platform of choice for more than 1.8 million active players and more than 9,300 good causes. Our platform and superior player experience is scalable and caters for causes ranging from local causes to large state lotteries.

Jumbo was founded by Chief Executive Officer (**CEO**) Mike Veverka, in 1995 and has matured into a digital lottery retailer and lottery software provider.

Jumbo is an ASX 300 listed company, operating in Australasia and the United

Kingdom (**UK**) as a Business to Consumer (**B2C**), Business to Business (**B2B**), and Business to Government (**B2G**) provider, with three distinct operating segments.

All three operating segments are underpinned by our proprietary lottery software platform and over 25 years of proven lottery management expertise.

## The platform of choice for over 1.8 million active players supporting over 9,300 good causes ranging from local causes to large, state lotteries.

### Operating segments

1



#### Lottery Retailing

Jumbo is a fully accredited retailer of Australian digital lottery tickets through Oz Lotteries.



2



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

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



3



#### Managed Services

We provide cost effective lottery management services for charities and worthwhile causes who do not operate a lottery to enable vital fundraising for good causes.



# 25 years

since Jumbo launched

# >1.8m

active players

# >\$1.5bn

transactions processed on our platform in the last five years

# >9,300

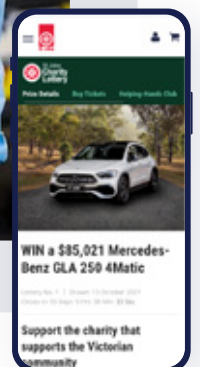
good causes supported through our platform

# 2 Regions

Australasia and United Kingdom

# 150+

employees



# Our strategy

## Our mission is Making Lotteries Easier.

Easier for clients to develop their own successful digital lottery programs. Easier for players by focusing on the right outcomes and experiences to make play more convenient, personalised and engaging.

## Our vision is to be the number one choice in digital lottery and services to the charity and government lottery sectors.

We aim to achieve this by continuing to delight our players with leading technology supported by Jumbo's deep-rooted industry and player understanding.

Our continued focus on innovation ensures our proprietary lottery software platform maintains a very high standard of operational performance and integrity, and remains modern, popular and relevant.

With Jumbo's track record of success in Australia and the significant investment in our technology platform, we have a unique opportunity to export our capabilities into new markets outside of Australia. Our international expansion strategy targets the charity and government lottery sectors in the UK and North America.

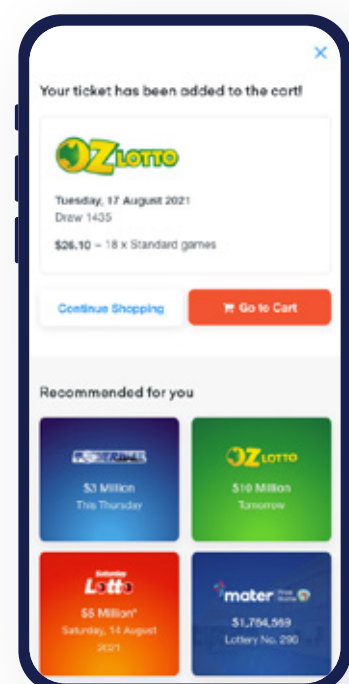
We have adopted a three-horizon approach to strategy execution.

- We will **maximise** our Australian Lottery Retailing segment to optimise growth, market share, and player experience.
- In the short to medium term, we will **replicate** our successful Australian operating model and expertise into

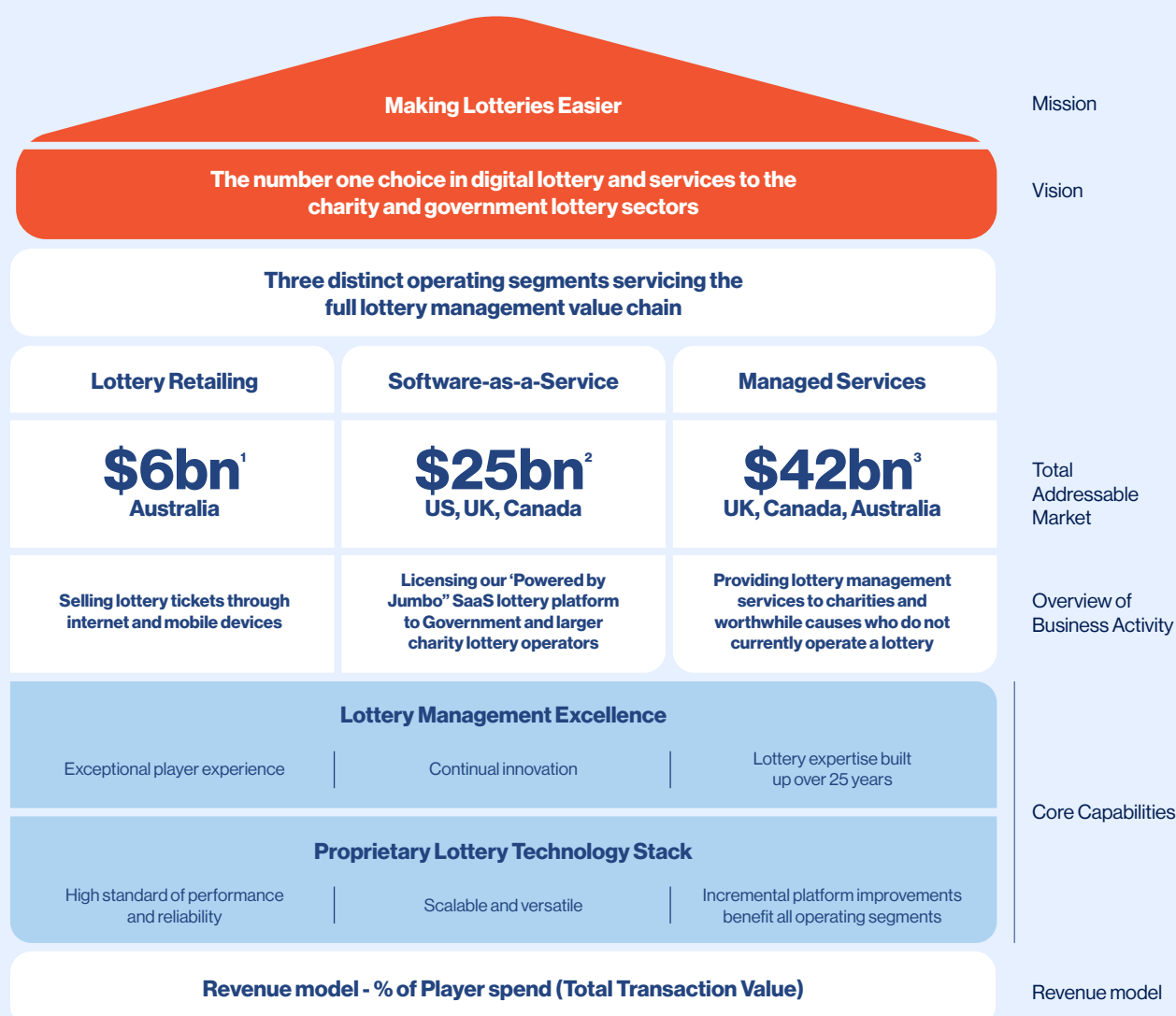
new markets by exporting our Lottery Retailing, SaaS and Managed Services capabilities into each market we enter, either organically or through acquisitions, or partnerships.

- Over the medium to long term, we will seek to **diversify** into new markets, creating new revenue streams, following the acquisition of considerable local market experience.

Our new operating model and leadership structure has been designed to drive greater focus, improve decision-making through clearer accountabilities, and accelerate strategy delivery. The operating model comprises three distinct operating segments with clear value propositions in their target markets. For our emerging SaaS and Managed Services businesses, we will establish strategic footholds in our target markets before seeking to scale.



**We have a clear strategy and have created three operating segments, which will set us up for sustained growth both domestically and overseas in the medium to long term.**



(1) Source: Australian gambling statistics report (2018-19)

(2) Total TAM of \$25bn equates to TAM by region of: UK \$1.6bn; US \$22bn; and Canada \$1.3bn. UK TAM of \$1.6bn: The UK Gambling Commission reports TTV for sector of £775m (Sept 2019) applying a 5-year CAGR of +14% and/or PY rise of 8% gives a range of £837m to £884m in sector growth (to Sept'20). Using 6-month average GBP £1 to AUD \$1.89, this leaves forecast TTV between \$1.67bn and \$1.58bn (Reference UKGC Annual Report 18/19). 2018 US lottery sales were USD77bn. Draw games were USD28bn. With 50% iLottery penetration forecast in next 5 years (23 US lotteries). Management has modelled 25% of draw game sales likely to be converted to digital, this coupled with a doubling of sales with the upsell of Instant Win Games, Management forecasts the iLottery market to be worth \$14.6bn (3% growth adjustment) USD \$1 to AUD \$1.50 equating to a TAM of \$21.9bn

(3) Total TAM of \$42bn equates to TAM by region of: UK \$18.8bn; Canada \$13.1bn; and Australia \$10.5bn. Sources: Australia \$10.5 billion - ACNC (Australian Charities and Not-for-profits Commission) Report 2018. UK \$18.8 billion - CAF (Charities Aid Foundation) Report UK Giving 2019. Canada \$13.1 billion - JIN Research - independent consultant



# Letter from the Chair

## Dear Shareholder

**When I took the Chair's role at Jumbo Interactive in September last year, I was especially struck by how the whole team was united by a love of technology and committed to harnessing this to deliver engaging and entertaining experiences for our players. That remains as true today as it was last year, as we continue to grow domestically and expand our operations overseas.**

### Strategy development and execution

It has been a great pleasure to work with Mike Veverka and his leadership team over the last year. I am also pleased that Richard Bateson has commenced in the role of Chief Commercial Officer, following his extensive involvement as a specialist lottery advisor in the development of our international strategy and new operating model. Following the new 10-year agreement with Tabcorp, Mike has implemented a new operating model and management structure which will allow us to execute on our strategy more effectively and swiftly, while embedding sound governance more comprehensively across the organisation. Central to these changes has been our desire to continue to deliver strong growth in our core Lottery Retailing business in Australia and leverage our decades of success domestically into new markets such

as the United Kingdom, Canada and the United States via our SaaS and Managed Services segments.

### Strong operational performance

Operationally, the business continues to perform strongly, with double-digit revenue and EBITDA growth achieved in FY21, without the benefit of jackpot growth. As a result of this strong performance, the Board has declared a final ordinary dividend of 18.5 cents per share, bringing the total dividend for FY21 to 36.5 cents per share, fully franked.

### Capital management review

As previously foreshadowed, the Board undertook an in-depth review of our capital management strategy including the dividend policy. The review considered the three-year business plan developed by management, the

strength of our balance sheet, comparable peer capital management frameworks and the desire to provide an appropriate dividend to our shareholders. Following this review, the Board has resolved to maintain the dividend payout ratio at 85% of statutory NPAT. We will continue to review the capital management framework with respect to opportunities that may arise.

### Corporate governance

As a fast-growing company, we understand the links between regulation, trust and value, and that effective governance contributes to shareholder value. This is even more relevant as we grow in the charity lottery sector and our clients look to us to help them secure their long-term future.

Over the course of the year, we have taken steps to ensure our risk management



foundations are robust, which is why we engaged in a comprehensive review of our governance policy framework, proactively introduced our Tax Risk Management Policy to anticipate the Australian Taxation Office (ATO) "justified trust" regime and reviewed and recalibrated our risk appetite more generally. We also created a new role of Head of Risk, Compliance and Internal Audit reporting directly to the Chair of the Audit and Risk Management Committee, to increase the breadth and depth of oversight and foster an enhanced risk-based culture across the organisation. As part of our commitment to strengthen corporate governance, we appointed a new Company Secretary to ensure the Board is appropriately supported in its governance oversight role. We have also invested in our investor relations capability with the appointment of a Head of Investor Relations to ensure engagement with our shareholders and the broader investment community is effective, timely, and continues to meet the Board's reporting and disclosure expectations.

We have replaced the Nomination and Remuneration Committee with the People and Culture Committee, chaired by Sharon Christensen, which will bring a holistic focus to aspects of governance including remuneration, diversity and inclusion, our employee value proposition, engagement, and culture, particularly as Jumbo continues its growth across multiple jurisdictions. Meanwhile, Giovanni Rizzo now chairs our Audit and Risk Management Committee, bringing to that role a unique blend of lottery and finance experience, having worked in leadership positions at various organisations domestically and overseas including at Tatts Group Ltd prior to its merger with Tabcorp in 2017. Board renewal and diversity have been key focus areas in recent years with three new non-executive Board members appointed since 1 January 2019 and 50% female Board representation achieved by 31 March 2021.

## Sustainability

Our commitment to the communities in which we operate and the clients we serve remains consistent and unwavering. We are especially proud to be an Official Partner with Paralympics Australia, as the 2020 Paralympic Games began in Tokyo this week. In June this year, I met with the CEO of Lotterywest in Perth, to reinforce the strategic importance of the Lotterywest SaaS agreement and our commitment as a trusted partner. We also continue our support for the global Women's Initiative in Lottery Leadership and remain committed

to reducing our impact on climate change. Our recent shift to a remote first, distributed workplace is another key step in further reducing our already relatively light carbon footprint.

While lotteries are regulated as a gambling product, they are widely regarded globally as causing minimal harm and an important mechanism of raising vital funds for charities and good causes. We remain vigilant to ensure compliance with responsible gambling principles and our digital platform allows us to proactively contact potentially vulnerable players and offer support.

We recognise there is room for improvement in responding to our environmental, social, and governance risks and opportunities. We have implemented a new Corporate Responsibility Framework, which we are seeking to align to the standards set out in the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). Looking forward, our immediate priorities are to undertake detailed environmental impact assessments, develop sustainable carbon-neutral operational targets and perform an in-depth review of our supply chain. We intend to expand on our current commitments and report more comprehensively on our progress; we are voluntarily participating in modern slavery reporting by the end of FY22.

## Conclusion

Finally, I would like to thank not only my fellow Board members for their support, expertise and insights, but also Jumbo's talented and dedicated leadership team and staff, expertly led by one of Australia's most successful digital technology entrepreneurs in Mike. The Board is excited about Jumbo's future as we continue to invest in growth and leverage our love of technology to make lotteries easier for our clients and players all over the world.



**Susan M Forrester**  
Chair of the Board

## 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**  
Non-Executive Director  
LLB (Hons), LLM, GAICD



**Giovanni Rizzo**  
Non-Executive Director  
BCom (Hons), CA



CEO Mike Veverka on the phone with one lucky Jumbo Powerball player, who won \$80 million in August 2021.

## Letter from the CEO and Founder

Dear Shareholder

The digital lottery industry shows no signs of slowing down so the Jumbo team has wasted no time building our two new segments – SaaS and Managed Services - in Australia and the UK. Together with our established Lottery Retailing division in Australia, these three segments make Jumbo a more complete digital lottery business ready to take on the growth runway ahead. Our conditional acquisition of Stride Management Inc. in Canada follows our successful acquisition of Gatherwell Limited in the UK – this will give Jumbo a dual foothold in key international markets.

In Australia, the Lottery Retailing segment has again delivered record results despite a mediocre run of jackpots. Underlying total transaction value (**TTV**) and revenue grew 15.0% and 17.1% respectively on the back of 38 major jackpots in FY21 (39 in FY20). Jumbo has been through many of the ups and downs of jackpot cycles and has consistently emerged stronger through each cycle with a growing player database skewed

to the younger demographic. Our 10-year agreement with Tabcorp has completed its first year which has seen Australian digital lottery sales penetration rise from 28.0% to 32.8% over the 12 months to June 2021.

The SaaS segment is growing well with partners realising financial benefits from our platform. In Western Australia the teams at Lotterywest and Jumbo are working closely to enhance the digital offering in that state. In the UK, Jumbo's foundation partner, the St Helena Hospice, is working with our team, as we prepare to launch a market leading lottery platform for the UK. Our Australian partners, Mater Foundation, Endeavour and the Deaf Lottery have all gone live and are benefitting from the Jumbo platform.

The Managed Services segment is expected to grow with the addition of Stride Management Inc. in Canada to the already successful Gatherwell business in the UK. Both are examples of the types of businesses that can benefit from Jumbo's digital assistance. The vast majority of charities and worthwhile causes worldwide do not have a

lottery program which makes this division a key element to Jumbo's growth strategy.

Behind the scenes, the team has made significant improvements to corporate governance, our management structure, and underpinning technology to ensure the growth ahead can be adequately managed. Jumbo's unique culture, a key part of our success, is adapting well to the changing work environment to include multiple time zones and work from home flexibility. I am extremely proud of all staff for the flexibility they have displayed this past year. Our clients also deserve enormous credit for their vision and trust in Jumbo to power their digital efforts. In conclusion I wish to also thank the Board that has come together so effectively in the past year to prepare Jumbo for the growth that lies ahead.

**Mike Veverka**  
Chief Executive Officer and Founder



**Moving from one to three operating segments and embedding our new operating structure were important steps to ensure we are ready to capitalise on the growth opportunities that lie ahead.**

#### Key management personnel



**Brad Board**  
Chief Operating Officer,  
joined May 2001



**Xavier Bergade**  
Chief Technology Officer,  
joined January 2000



**David Todd**  
Chief Financial Officer,  
joined October 2007



**Richard Bateson**  
Chief Commercial Officer,  
joined July 2021

#### Group and regional leaders



**Abby Perry**  
Head of People &  
Culture



**Greg Le Sueur**  
Head of Product



**Chis Perry**  
Head of Engineering



**Steve Davidson**  
Head of Corporate  
Strategy



**Alexandra Houston**  
Head of Legal



**Lauren Hook**  
Head of Compliance,  
Risk & Internal Audit



**Angie Cheung**  
Head of Finance



**Jatin Khosla**  
Head of Investor  
Relations



**Michael Driver**  
General Manager -  
Australia



**Nigel Atkinson**  
General Manager - UK



**Nikki Searby**  
Legal Counsel and  
Board Secretariat

# Review of operations

**FY21 marks the first year of reporting under our three distinct operating segments of Lottery Retailing, SaaS and Managed Services.**

In FY21, Jumbo continued to deliver strong growth with annual ticket sales or total transaction value (**TTV**) up 36.7% to \$487 million. The emerging SaaS and Managed Services segments made a material contribution to the increase in TTV as our SaaS clients were fully operationalised on the PBJ platform and Gatherwell continued to expand its client base in the UK charity market. Despite the absence of jackpot growth, and the corresponding decline in new players, Lottery Retailing delivered double-digit underlying growth driven by continued enhancements to the player experience and the benefits of increased digital lottery penetration, accelerated by the changing consumer environment due to COVID-19.

Overall Group revenue increased by 17.1% to \$83.3 million reflecting the growth in TTV and a modestly lower revenue margin (FY21: 17.1%; FY20: 20.0%). The margin reduction was primarily due to the transition of our Western Australia players to Lotterywest from 21 December 2020, which included the transfer of TTV at a revenue margin of ~20% from Lottery Retailing to our SaaS segment at a revenue margin of 9.5%.

Underlying earnings before net interest, tax, depreciation and amortisation (**EBITDA**) grew 13.2% to \$48.9 million reflecting an EBITDA/revenue margin of 58.7% (FY20: 60.7%). The reduction in margin reflects the introduction of the Tabcorp service fee (1.5%

of the subscription ticket price) included in cost of sales and a 15.2% increase in underlying expenses which primarily relate to building internal capability to drive further growth in Australia and internationally. Underlying Net Profit After Tax (**NPAT**) increased 7.1% to \$28.3 million, impacted by higher depreciation and amortisation from the capitalised Tabcorp agreement extension fee of \$15 million over its 10-year term.

FY21 marks the first year of reporting under our three distinct operating segments of Lottery Retailing, SaaS and Managed Services. A high-level summary of segment performance is outlined below with further detail provided later in this report.

## Acquisition of Stride Management Inc, Canada

In August 2021, Jumbo entered into an agreement to purchase Canadian lottery management provider, Stride Management Inc. (**Stride**). The acquisition adds significant scale to our Managed Services business through access to more than 750,000 active players and provides a strategic foothold to grow in the Canadian charity lotteries market. The acquisition remains subject to the satisfaction of certain conditions under the agreement including Canadian Gaming regulatory approval, which is anticipated in late calendar year 2021.

## TTV

**\$487.0m**

▲ 36.7% YOY

## Revenue

**\$83.3m**

▲ 17.1% YOY

## Underlying EBITDA

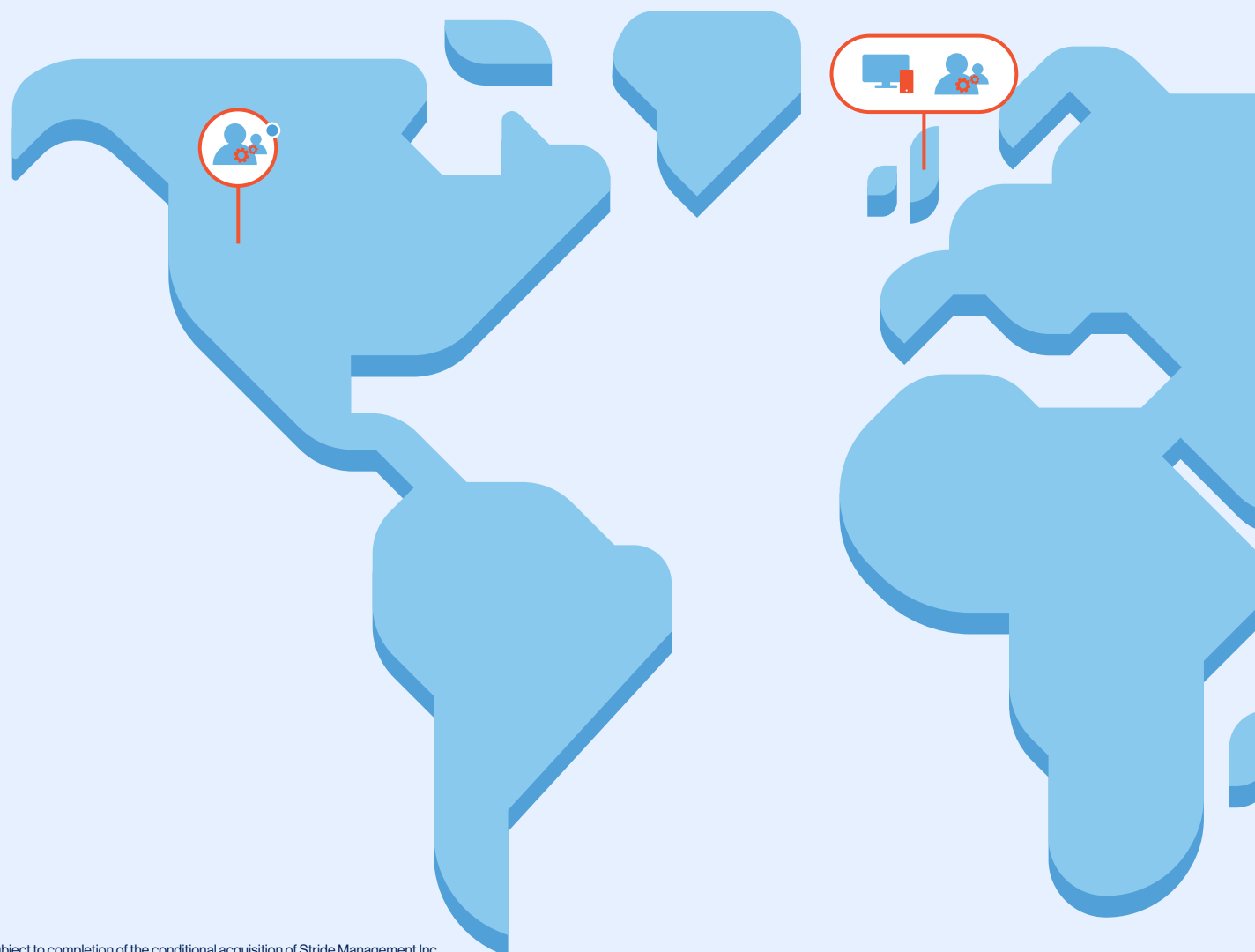
**\$48.9m**

▲ 13.2% YOY

**FY21 was another record year with all three operating segments contributing to revenue growth, which was up 17%.**

Financial Snapshot	FY2021 \$'000	FY2020 \$'000	Variance %
TTV	486,981	356,141	36.7
Revenue	83,319	71,168	17.1
Revenue margin (%)	17.1%	20.0%	(2.9ppt)
EBITDA – underlying <sup>1</sup>	48,922	43,223	13.2
EBIT – underlying <sup>1</sup>	40,683	37,236	9.3
NPAT – underlying <sup>1</sup>	28,346	26,465	7.1
Adjustments			
Acquisition costs	(602)	(406)	48.3
Consulting and legal fees	(867)	-	>100
Fair value movement on financial liabilities	(177)	(176)	0.6
Tax effect benefit	259	-	>100
EBITDA – statutory	47,276	42,641	10.9
EBIT – statutory	39,037	36,654	6.5
NPAT – statutory	26,959	25,883	4.2
Cash at bank	63,139	72,259	(12.6)
Net assets	85,326	78,919	8.1
Net tangible assets	45,751	53,174	(14.0)
Share price at year end (cps)	1777.0	958.0	85.5
Dividends paid per share (cps)	35.0	40.0	(12.5)
Total shareholder return (%)	189.1%	(50.5%)	>100
Earnings per share – underlying (cps)	45.4	42.5	6.8
Return on capital employed (%)	31.6%	32.8%	(1.2ppt)
Shares on issue (million)	62.4	62.4	-
Market capitalisation (million)	1,109.7	598.0	85.6
EBITDA margin – underlying (%)	58.7%	60.7%	(2.0ppt)
EBIT margin – underlying (%)	48.8%	52.3%	(3.5ppt)

(1) Please refer to page 56 for reconciliation to statutory earnings



● Subject to completion of the conditional acquisition of Stride Management Inc.

FY21	Lottery Retailing	SaaS	Managed Services
<b>TTV (\$m)<sup>2</sup></b>	365.4	104.8	16.7
<b>Active players<sup>1</sup></b>	766,263	882,269	168,584
<b>Revenue (\$m)<sup>2</sup></b>	75.1	32.1	3.3
<b>EBITDA (\$m)<sup>2</sup></b>	30.4	22.0	0.9

(1) Players that made a purchase over the 12 months to 30 June 2021. Lottery Retailing adjusted to reflect the transfer of WA customers to Lottery west's white-labelled PBJ platform in December 2020.

(2) Segment results do not aggregate to Consolidated total due to intersegment eliminations and other reconciling items.



## Lottery Retailing

The number of large jackpots ( $\geq \$15m$ ) in FY21 was broadly flat compared to FY20 with the aggregate Division 1 jackpot value down 22.7%. This resulted in a reduction in new players in the period. Despite this reduction, Lottery Retailing achieved headline TTV growth of 7.6%. On a like-for-like basis, accounting for the transition of our Western Australia players to Lotterywest's white-labelled PBJ platform, TTV grew 15.0% with revenue growth up 17.1% and active players up 1.5%. While the net effect of the COVID-19 mobility restrictions has been positive for overall performance, the strong growth also highlights the value from our ongoing investment in data and analytics tools, including Artificial Intelligence (**AI**) and machine learning, to create a more exciting and personalised player experience.



## SaaS

Our SaaS segment has grown significantly since its inception in FY20, reflecting a number of our clients being fully operational in the year. Mater Foundation went live in July 2020, while Endeavour Foundation and Deaf Services went live in October 2020 and May 2021 respectively.

We entered into a SaaS agreement with Lotterywest in November 2020 to provide our proprietary lottery software platform and services for up to 10 years. The initial term of the agreement is three years, with an option of extension for a further three years followed by four years (3+3+4). This resulted in the transfer of our Western Australia players to Lotterywest's white-labelled PBJ platform, which went live in December 2020. Overall, the scale up of these clients has resulted in TTV of \$104.8 million reported in FY21, with a Q4FY21 annualised run-rate of \$132.2 million. Our first UK SaaS client, St Helena Hospice, is expected go live on the PBJ platform in October 2021.



## Managed Services

This is the first year of reporting for our Managed Services segment, which comprises our wholly owned UK subsidiary, Gatherwell Ltd (**Gatherwell**) and the new Australian business (**Jumbo Fundraising**) which went live with our two foundation clients, Paralympics Australia and St John Ambulance (VIC), in late FY21.

Gatherwell was acquired in November 2019 and provides lottery management services to approximately 80 local authorities and 2,000 school lotteries, supporting more than 9,300 good causes and 160,000 active players in the UK. While the full 12-month period of performance is captured in FY21, the FY20 comparative year only includes seven months of performance. On a like-for-like and constant currency basis, TTV increased 40.0% to £9.3 million, revenue increased 42.0% to £1.8 million and EBITDA more than doubled to £663,000 in FY21.

# Lottery management excellence

**At the heart of lottery management excellence is creating an exceptional player experience and maximising player engagement on our platform.**

As a technology company that deploys our expertise in the digital lottery sector, we remain at the forefront of the digital revolution facing both government and charity lotteries.

Our agile and experiment-based approach to innovation allows us to identify, test and measure new methods and learn quickly.

One of the best examples of this approach was the creation of LottoParty – an innovative feature that makes lottery more social by enabling players to easily pool their funds to share in a larger ticket together. We were also the first digital lottery retailer in Australia to introduce AutoPlay which ensures players never miss a draw, by automatically replaying their numbers in upcoming draws, depending on their preferences. A more recent example includes our personalised tickets on the play page, making it easy for players to quickly replay their last played ticket or accept one of our suggested tickets.

**Significant investment in data analytics tools, AI and machine learning, enable us to deliver a more personalised, engaging and entertaining player experience that consistently results in industry leading player retention, loyalty, and advocacy scores.**

By seamlessly integrating with our platform, we can analyse the behavioural and transaction data of players through third party apps to trigger marketing activity including:

Personalised messaging – increasing the conversion by showing players product recommendations powered by machine learnings based on their past purchases.

- Behavioural triggers – targeting key behaviours or moments. For example, messaging players who have recently won a prize has resulted in increased AutoPlay activation rates.
- Growth loops – encouraging Lotto Party users to invite their friends, then targeting those referrals with messaging inviting them to create their own party.
- Retention plays – recapturing revenue through our abandoned cart rate recovery program.
- Dynamic segmentation – using predictive cohorts to target players who are statistically likely to perform certain actions. This has resulted in higher click through and conversion rates for high value activities.

This is underpinned by a strong digital lottery culture that is embedded in our product strategy. Our detailed understanding of the player means we are able to fully optimise our players lottery's growth potential.

**With a proven track record of success in Australia, we are uniquely positioned to deploy over two decades of lottery management expertise and our scalable, proprietary lottery software platform across the Lottery Retailing, SaaS and Managed Services opportunities both in Australia and internationally.**

Our player-centric approach to product strategy and engineering approach to incremental platform improvements, ensures the benefits of Jumbo's extensive digital lottery capabilities flow through to all business segments and jurisdictions.

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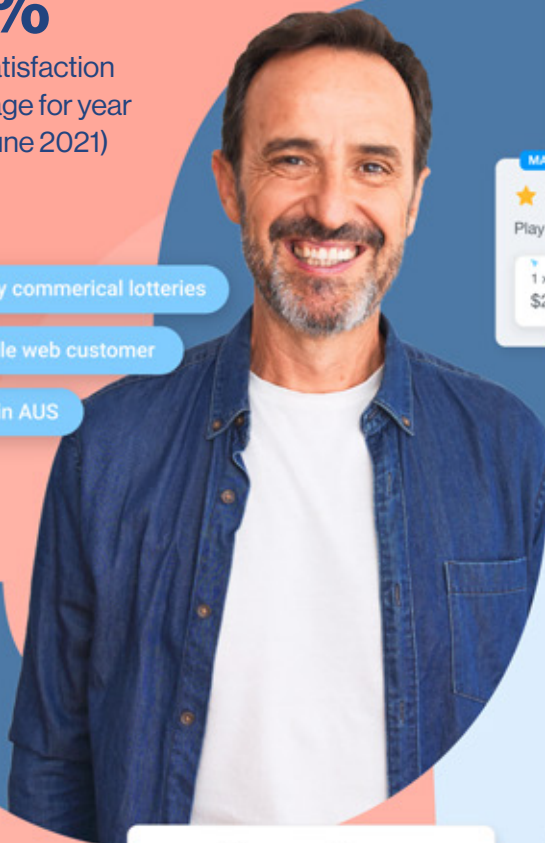
## 90.1%

customer satisfaction  
score (average for year  
ended 30 June 2021)

★ Likes to play commercial lotteries

📱 Mobile web customer

📍 Located in AUS



## 87%

of calls answered  
within 60 seconds

MADE FOR YOU

### ★ Your Powerball numbers

Play your special numbers or past tickets with one click.

1 x PowerHit  
\$27.00

[View](#) [Replay](#)

### Winners are Grinners

👤 Promoted Party



\$27 per share

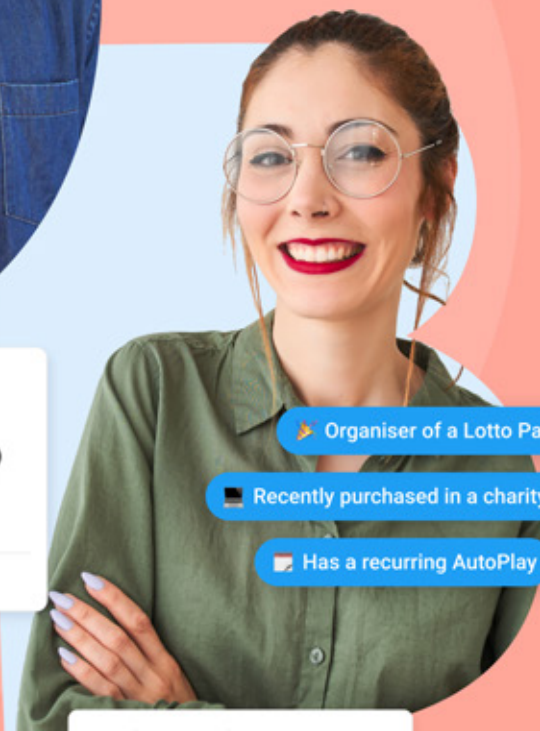
52 x Standard games so far

[Join ticket](#)

🎯 Organiser of a Lotto Party

🇦🇺 Recently purchased in a charity lottery

🔄 Has a recurring AutoPlay



## ~40k

average monthly self-  
service article views

AutoPlay in every draw

Replay until you choose to pause





# Proprietary lottery technology stack

**In 2017 we invested significant time and resources in re-building our digital lottery platform, moving from legacy systems to a modern architecture built on the Go programming language (designed and used by Google extensively) which makes it easier and faster to build, test, and release changes to our software.**

This strategic investment combined with enhanced operational processes, greater clarity of ownership and improved change management governance has resulted in significantly higher engineer throughput and a very high standard of platform operational performance. It also allows us to be more agile and deploy product strategy enhancements rapidly and effectively.

While successfully deployed in our Australian Lottery Retailing segment, this level of functionality and sophistication is also available as a SaaS solution to lottery operators globally, whether they are government or charity. Additionally, our software is extremely versatile and can be used as a Managed Service where Jumbo provides lottery management services for clients who typically do not operate a lottery or are seeking to digitise, outsource or enhance their lottery management capabilities.

We have also invested in APIs to seamlessly integrate data with third party analytical platforms and tools to enhance product strategy and decision-making for our clients. In Lottery Retailing, these decision-support tools help to understand player behaviour across all channels and when combined with sophisticated marketing, including the use of AI and machine learning, drive a more personalised player experience.

While clients have the flexibility to use different lottery management features, the use of a single platform provides economies of scale, allowing meaningful operational improvements to seamlessly flow through to our SaaS and Managed Services' clients.

And when combined with our philosophy of continuous innovation, our single platform is evolving ahead of the industry and our clients' needs.

Jumbo was a market leader in developing a Random Number Generator (**RNG**) software compliant with the Queensland Office of Liquor and Gaming Regulation (**OLGR**) technical requirements. The software has also been certified by iTech labs and is compliant with the UK Remote Gambling and Software Technical Standards (February 2021). RNG enables clients to score draws and provides confidence around the integrity of the draw. We believe this is a core feature of our lottery management services to clients who may not have access to RNG software.

In July 2020, we successfully certified our 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, cybersecurity and software development.

We are extremely proud of the platform we have built and the benefits it provides to our clients and players. Approximately 60% of our employees are dedicated to our platform in the form of engineering and product strategy development expertise. We also continue to significantly invest in the development of our platform to ensure its operational integrity, scalability, effectiveness and enable a consistent and superior player experience.

## ~60%

of employees dedicated to supporting and improving our platform

## 0

reportable data breaches

## 99.97%

system uptime recorded<sup>1</sup>

## >3k

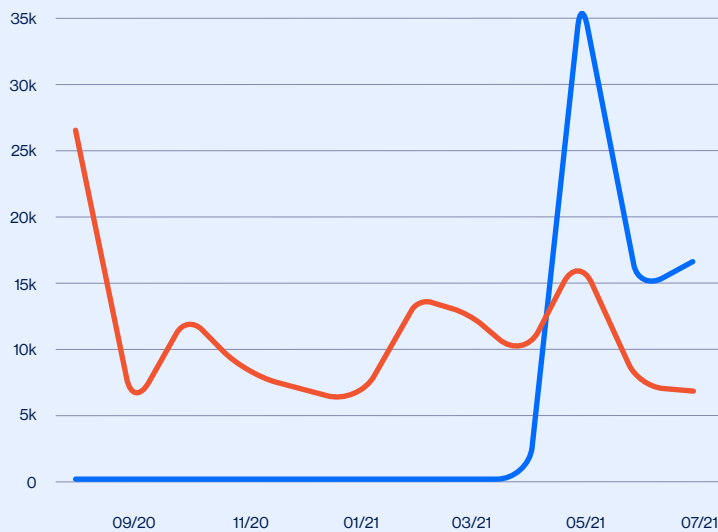
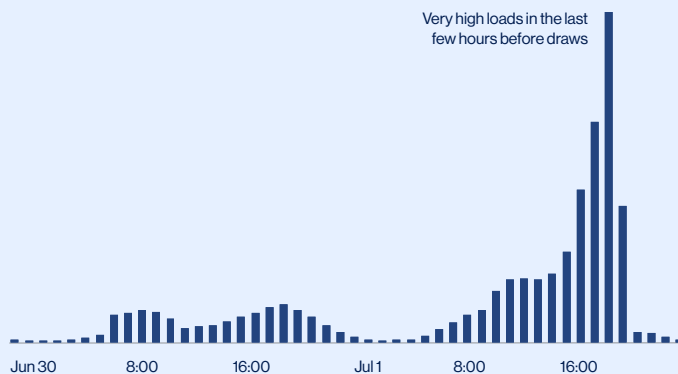
incremental system releases to the platform<sup>2</sup>

(1) 3-month average April to June 2021.

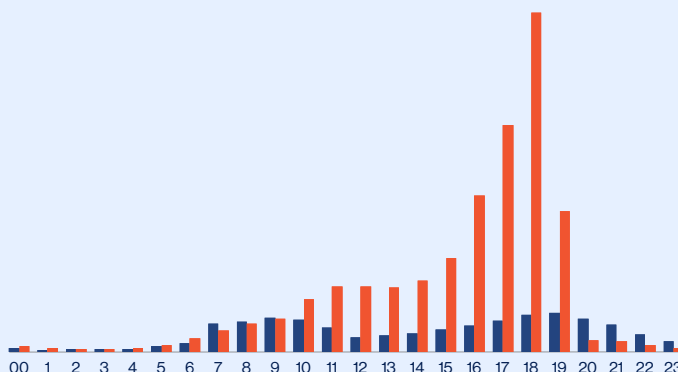
(2) Reflects engineer throughput with the vast majority of updates related to platform enhancements.

**OzLotteries App Download FY21**

● Android ● iOS

**Hourly sales for the “day before” and “day of” a recent \$60 million Powerball, which is typical of large jackpots**

- Hourly sales for the second last day of a recent \$60 million Powerball
- Hourly sales for the last day of a recent \$60 million Powerball



**Our proprietary lottery software offers a complete enterprise digital lottery solution integrating all aspects of the lottery value chain including:**

**Lottery management**

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

**Sales channels**

a superior player experience across all digital interfaces, leveraging AI and machine learning, leading web site design, responsiveness and point of sale facilities.

**Payment gateways**

seamless integration with multiple payment gateways while ensuring compliance with regulatory compliance such as Payment Card Industry Data Security Standard (PCI-DSS).

**Player management**

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

**Integrations**

marketing automation tools, dynamic segmenting, business intelligence and reporting tools using APIs, enabling real-time data analysis to enhance the player experience through personalisation.

# Lottery Retailing



The Lottery Retailing segment includes the Oz Lotteries business, an accredited retailer of Australian lottery and charitable products and the preferred play destination for over two million players across web and mobile apps.

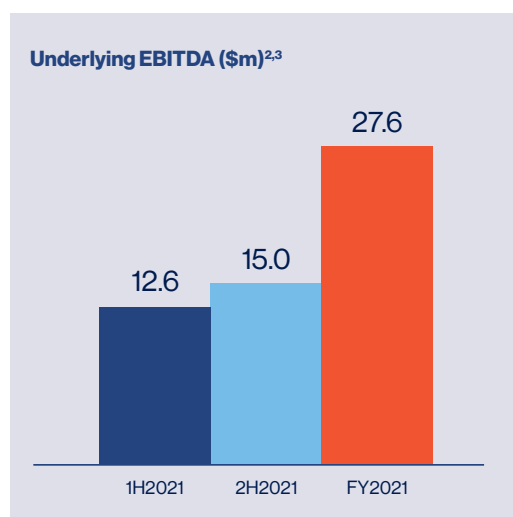
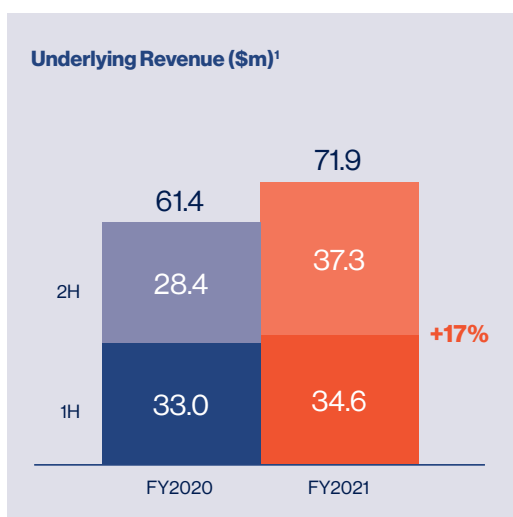
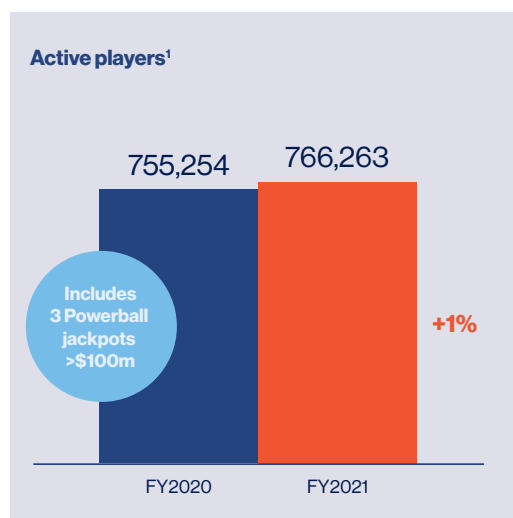
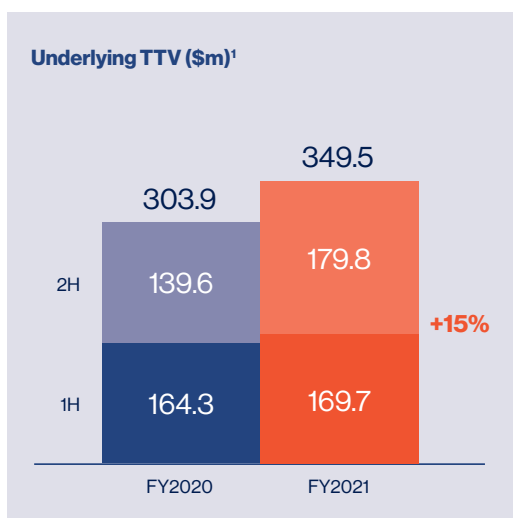
Oz Lotteries markets leading Australian lottery products – including Powerball, OzLotto and Saturday Lotto in the states and territories of New South Wales, Victoria, Australian Capital Territory, Tasmania, South Australia, Northern Territory and eligible international jurisdictions via an agreement with Tabcorp Holdings Limited (**Tabcorp**).

In August 2020, Jumbo extended its long running re-seller agreement with Tabcorp for a further 10 years to August 2030. The agreement does not cover the states of:

- Queensland: due to small business restrictions limiting lottery agencies to businesses that employ less than 50 Full-Time Equivalent (**FTE**).
- Western Australia (**WA**): managed by Lotterywest, with whom Jumbo has entered into a SaaS agreement to provide our proprietary lottery software platform and services for up to 10 years. The initial term of the agreement is three years, with an option of extension for a further three years followed by four years (3+3+4). The agreement resulted in the transition of our WA players (FY20: ~\$36 million TTV) to Lotterywest's white labelled PBJ platform in December 2020.

In addition to Australian lottery products, Oz Lotteries partners with select charitable organisations to market life-changing lottery products under established and long-term agreements, including but not limited to Mater Prize Home, Endeavour Foundation Prize Home, Surf Life Saving Lotteries, and the RSPCA. The addition of these products enables Oz Lotteries to enhance the variety of products and the player experience, while providing a valuable incremental source of revenue for the respective charities.

**Strong underlying performance underpinned by improved player engagement, better data analytics and upgraded marketing and personalisation tooling.**



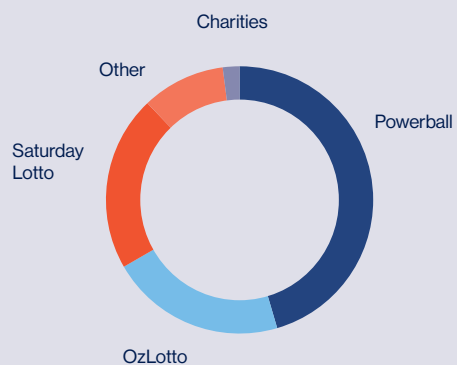
(1) On a like-for-like basis excluding Western Australia players which were transitioned to Lotterywest's white-labelled PBJ SaaS from 21 December 2020.

(2) Like-for-like estimated EBITDA excluding the contribution from Western Australia players that transitioned to Lotterywest's white-labelled PBJ SaaS platform.

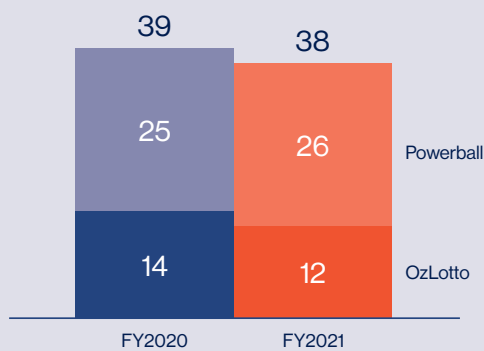
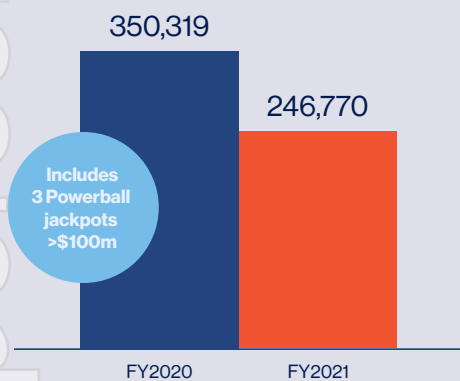
(3) FY20 comparatives not available due to a changes in reportable segments following changes to the Group's operating model in FY2021.

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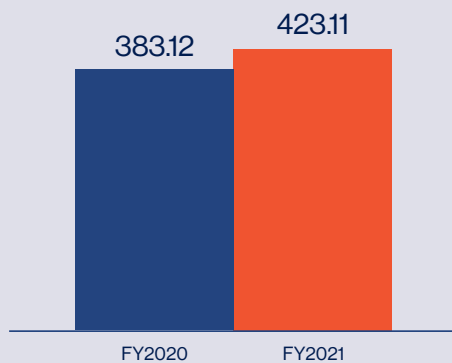
TTV by product (%)



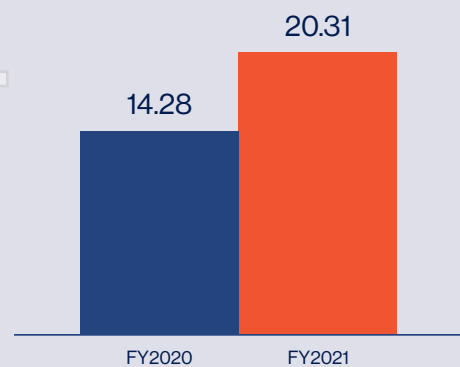
Powerball/OzLotto jackpots (≥\$15m)

New players<sup>1</sup>

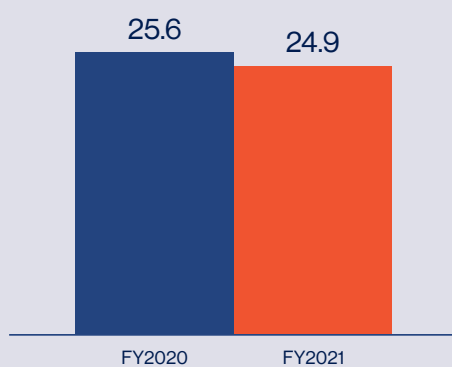
Average spend per player (\$)¹



Cost per lead (\$)



Dormancy rate (%)



(1) Not adjusted for the transition of WA customers to Lotterywest

## Business Performance

Player engagement and sales performance within the Lottery Retailing segment is significantly influenced by jackpot behaviour; higher and frequent jackpots drive increased player engagement and sales performance. In FY21, the frequency of large jackpots ( $\geq \$15m$ ) for the Powerball and OzLotto products were broadly flat compared to the previous year (FY21: 38; FY20: 39). While jackpot levels were similar, the aggregate Division 1 jackpots above \$15 million amounted to \$1,210 million, down 22.7% on the previous year (FY20: \$1,565 million) with the peak jackpot at \$80 million (FY20: \$150 million).

Despite the significant reduction in aggregate value, the Lottery Retailing segment recorded like-for-like TTV growth of 15.0% compared to the previous year, with TTV increasing to \$350 million (FY20: \$304 million).

Oz Lotteries continues to demonstrate strong performance during large and significant jackpot periods, while also performing well in small jackpot games. Charitable lottery products continued to complement the core lottery offering, accounting for approximately 3% of TTV.

In FY21, new player sign ups declined mainly due to the subdued large jackpot environment and the absence of a greater than \$100 million jackpot, which resulted in fewer acquisition opportunities. Active players increased marginally compared to the previous year on a like-for-like basis, after accounting for the transition of our WA players.

The increase in TTV over the year, despite fewer headline active players and player acquisition opportunities was driven by an improvement in the yield per active player across all age groups but notably the 35-64 year age group. This demonstrates the value derived from ongoing investment in data and analytics and the use of AI and machine learning to drive a more engaging and personalised player experience.

The changing consumer behaviour driven by COVID-19 has had a positive impact on the Lottery Retailing segment, contributing to the sharper increase in industry-wide digital penetration (FY21: 32.8%; FY20: 28.0%; FY19: 23.5%).

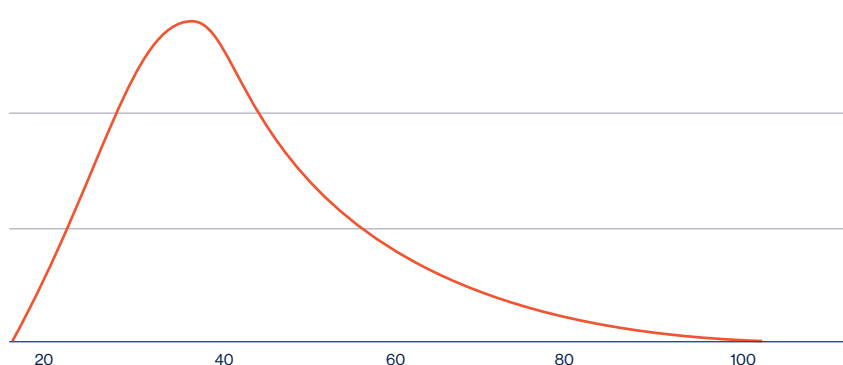
Headline revenue increased 9.6% on the previous year, ahead of TTV growth of 7.6%, reflecting a marginally improved revenue margin. On a like-for-like basis, allowing for the transition of our WA players to Lotterywest, revenue increased 17.1%, mainly due to increased player activity

and spend despite the absence of jackpot growth. FY21 underlying EBITDA of \$27.6 million reflects an EBITDA/revenue margin of 38.4% (1H21: \$12.6 million and 38.2%), noting that comparatives for FY20 are not available following the changes to the Group's organisational structure and reportable segments. The FY21 reported figures also reflect the newly introduced service fee of 1.5% on the subscription ticket costs paid to Tabcorp.

## Outlook

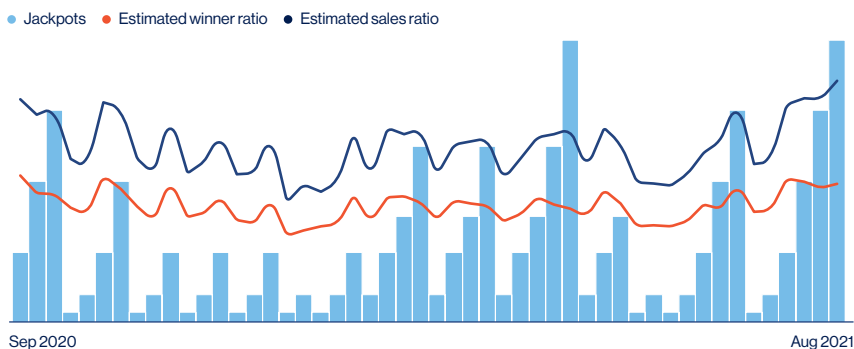
Lottery Retailing is well positioned to capitalise on the ongoing digital evolution across the lottery sector through continuing to provide a play experience that resonates and excites. While jackpot activity is outside the business's control, player engagement and experience are firmly within our control. We will maintain a very high standard of platform performance and leverage sophisticated marketing tools, data and analytics, AI, and machine learning to increase engagement via monthly active players, while continuing to benefit during the large jackpot periods.

### Our player base continues to be skewed to a younger demographic

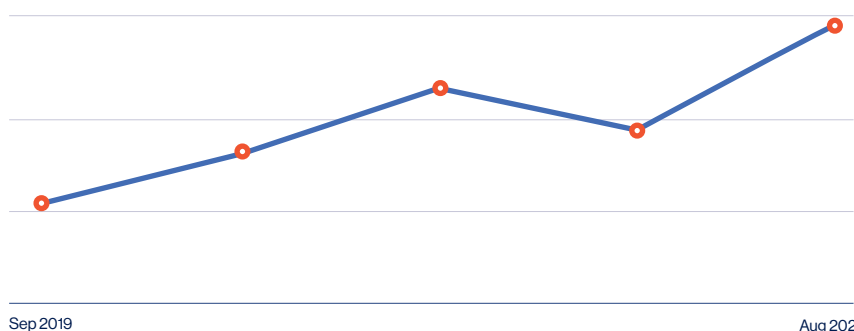


### Powerball estimated market share

Our share of winners and weekly sales is significantly affected by the size of jackpots



### Sales from Powerball \$80m jackpots





# Software-as-a-Service

Following the success of Oz Lotteries in our Lottery Retailing segment and the technology platform rebuild in 2017, we have identified a significant opportunity to license our proprietary lottery software platform as a SaaS solution to government and charity lottery operators in Australia and globally.

Powered by Jumbo (**PBJ**) is a digital lottery SaaS platform that is powerful and highly scalable; it can manage multi-million-dollar lotteries, and also help existing lotteries grow. It delivers:

- end-to-end lottery management to optimise efficiency and growth
- player management including engagement and support
- omnichannel sales functionality, powering all retail channels from a single source, and
- data integration capabilities to maximise marketing and business goals.

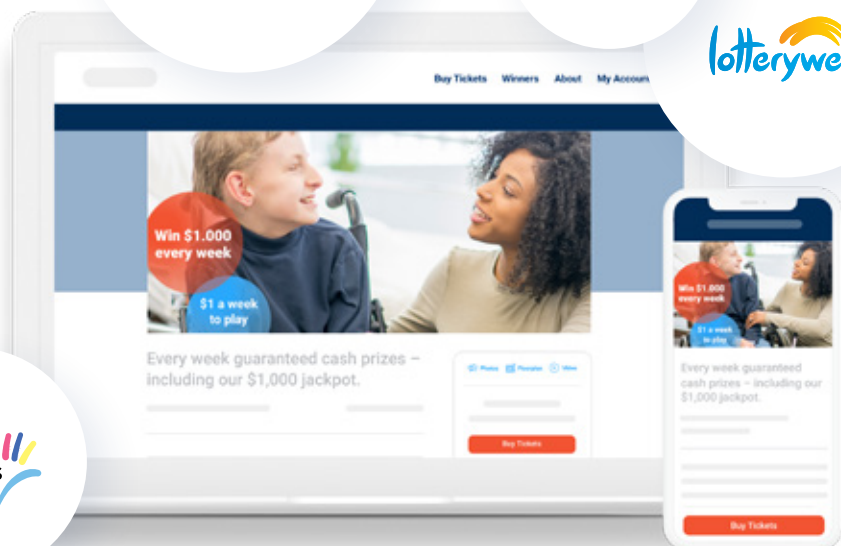
PBJ is targeted at government and larger charity lotteries with multiple sales channels (both digital and non-digital) with dedicated lottery management and marketing expertise. The platform provides all our lottery partners with a cost-effective and low risk enterprise solution for end-to-end lottery management. In addition to the very high standard of operational performance and reliability, our clients benefit from ongoing incremental improvements to the platform as well as

Jumbo's extensive lottery management expertise.

In July 2020, Jumbo's first charity client, the Mater Foundation, went live on the PBJ platform. We went live with a further two charity partners on the PBJ platform: Endeavour Foundation in October 2020 and Deaf Services in May 2021.

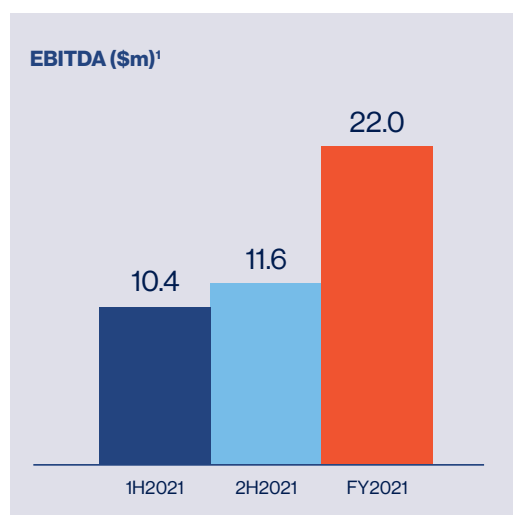
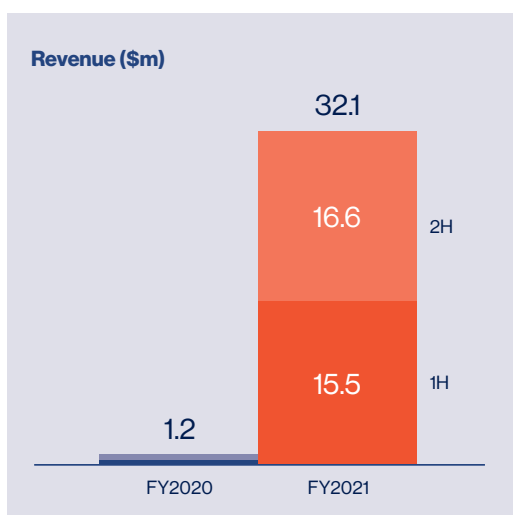
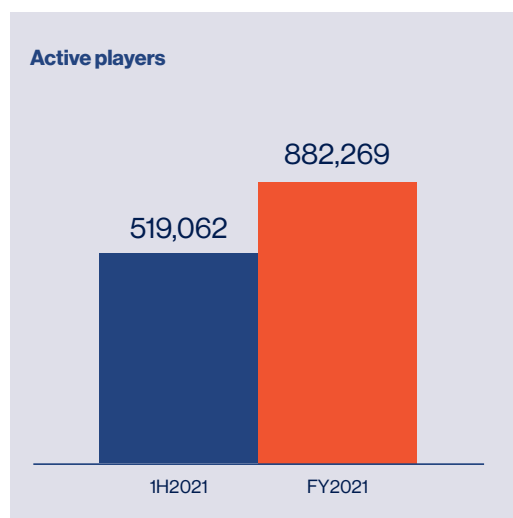
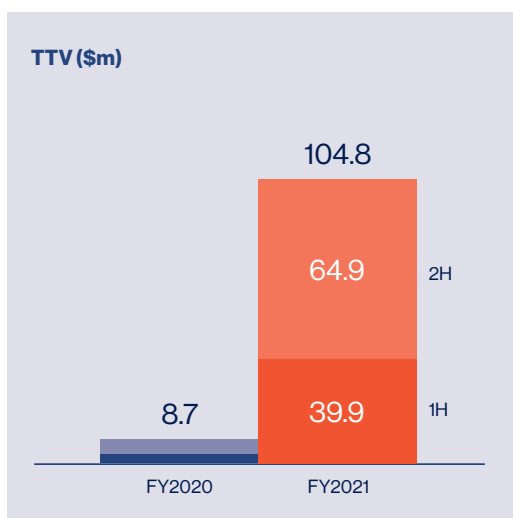
In November 2020, we secured a software license from the United Kingdom Gambling Commission, enabling Jumbo to supply the PBJ platform to Gambling Commission-licensed operators in the UK. Following this, we signed an agreement with our foundation charity client, St Helena Hospice, which is expected to go live in 1H FY2022.

In November 2020, Jumbo entered into an agreement with Lotterywest in Western Australia to provide the PBJ platform for up to 10 years (3+3+4). This went live in December 2020 and is our first agreement with a state government lottery client, outside of the re-seller agreement with Tabcorp.





**The scale up of our SaaS clients is starting to make a meaningful contribution to TTV growth, with clients benefitting from the transition to the PBJ platform.**



(1) FY20 comparatives not available due to a changes in reportable segments following changes to the Group's operating model in FY2021.

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## Business Performance

During FY21, we saw the scale up of our clients on the PBJ platform. TTV has increased significantly since FY20 leading to an increase in revenue with margins spanning ~3% to 9.5% of ticket sales. The SaaS segment receives an intersegment fee from Lottery Retailing reflecting use of the PBJ platform (equivalent to 7.5% of Lottery Retailing TTV). The external Q4FY21 TTV annualised run rate is \$132.2 million. FY21 EBITDA of \$22.0 million reflects an EBITDA/revenue margin of 68.5% on revenue of \$32.1 million (1H21: \$10.4m and an EBITDA/revenue margin of 67.2% on revenue of \$15.5 million), noting that comparatives for FY20 are not available following the changes to the Group's organisational structure and reportable segments.

## Future Opportunity

Having achieved strong TTV growth in the Australian Lottery Retailing segment over the last decade and successfully on-boarding four external SaaS clients in Australia, Jumbo has identified a unique and compelling opportunity to leverage our proprietary lottery software platform and lottery management expertise to enter new markets outside Australia.

Our international expansion strategy targets the charity and government lottery sectors in the UK and North America. These markets are our priority as they share similar characteristics to the Australian lottery market.

The Total Addressable Market (**TAM**) for SaaS opportunities is estimated at approximately \$25 billion and comprises:

- \$22 billion in the United States (US) government iLottery sector with approximately 50% iLottery penetration anticipated over the next five years and approximately 25% of draw games sales likely to be converted to digital

- \$1.6 billion in the UK, reflecting the attainable component of the charity lottery market, noting that the majority of the existing TTV is captured by the two largest External Lottery Managers (**ELMs**), and
- \$1.3 billion in the Canadian charity lottery and raffle industry.

Following recent changes in legislation at both a federal and state level in the US, states have started to adopt digital lotteries in the form of iLottery, albeit the take up to date has been gradual. The main barriers to digital lottery adoption have been retail opposition and legislation, with the vast majority of states needing to amend legislation to permit iLottery programs. As at the end of 2020, 11 out of 48 US lottery jurisdictions offered iLottery, representing less than a quarter.

The Professional and Amateur Sports Protection Act (**PASPA**) was deemed unconstitutional by the U.S. Supreme Court in 2018. This landmark decision upheld a 2014 New Jersey state law that permitted casinos and racetracks to offer sports betting within state lines, leading to other US states allowing on-line sports betting. The clear trend to mobile and digital gaming in this sector, which is becoming more pronounced as a result of COVID-19, will support further iLottery adoption. Additionally, consumer demand for new iLottery channels is gaining traction as lotteries seek to ensure their products remain relevant for the next generation of players, who are considered to be more digitally savvy, carry less cash, and visit retail outlets less frequently.

Over the medium-term, and as legislative changes continue, Jumbo will seek to gain a strategic foothold in the US market through a partnership-style model or acquisition.

## Tickets purchased over time

# +50%

One client reported a 50% increase on its best day on our platform versus the best day on their legacy platform

# +38%

Client 90-day average sales per day increase on our platform compared to 90-days prior to migration

## TTV per draw

# +25%

Comparison of a client draw on our platform to the same period in the prior year.

## Customers per draw

# +21%

For one client, the first native draw on our platform saw the highest number of distinct web customers ever, reflecting a 21% uplift on the comparative lottery in the prior year.

## New account signups

# +120%

Comparing 2QFY 2020 and 2019, one client saw a 120% uplift in the number of acquisitions via our platform over and above the prevailing trend.

## CASE STUDY

## Endeavour Foundation

Endeavour Foundation is an independent, for purpose organisation established in 1951 with a vision to support people with an intellectual disability to live their best life – starting with equal access to education and life-skills learning. The lottery is a significant component of Endeavour's supporter fundraising program; with the income derived enabling Endeavour to increase its community reach and impact.

### What prompted Endeavour Foundation to look for a digital lottery solution?

'As our organisation looked to evolve and grow our lottery, we identified our technology platform as key to achieving our growth ambition. A review of our platform and operations articulated the need for a lottery operating platform that was:

- complete - in that it provided an integrated and compliant solution, not one comprised of multiple tools fleshed together.
- powerful - enabling us to ramp-up digital sales and deliver more bespoke and targeted customer messaging to our player base.
- scalable - in that it could grow as we did, both in program size and sophistication.'

### Why did Endeavour Foundation choose to partner with Jumbo?

'There were three core areas:

- Jumbo's unique lottery-specific expertise and ability to deploy this expertise in player management and industry-specific integrity compliance requirements - including end-of-draw capability (that is RNG) and PCI-DDS compliance.
- Jumbo's demonstrated experience in developing and scaling lottery programs, as evident by Oz Lotteries, and built on a player-centric philosophy.
- Jumbo's partnership approach, including cost-effective, performance based pricing model, dedicated resources to support our onboarding and optimisation using the platform and co-design process.'

### What are the enhancements that Endeavour Foundation has experienced since transitioning to the PBJ platform?

'Notably, record sales performance since transition; our 70th anniversary lottery in March 2021 was the highest grossing in our 49 year lottery history; and draw-on-draw performance continues to achieve >10% growth v pre-PBJ. In-part this is underpinned by our digital sales performance - we're securing more sales via this channel than ever, higher conversion rates, and greater transaction value. Another key contributor is the operational efficiency gains the platform provides; this has enabled us to redirect investment and focus on initiatives that support player growth, experience and value.'

### How has Jumbo's lottery platform allowed Endeavour to plan for the future?

'We're able to take a longer term position on our future; we have the confidence to invest in growing the lottery program and the comfort that these growth plans are supported by a partner with immense expertise to draw upon and access, who is invested in our success and who continues to push the boundaries that define what is possible in lottery experience and operations.'



# Managed Services

As more and more of our daily interactions trend to digital channels - a shift that has only been accelerated by the COVID-19 pandemic and the mobility restrictions put in place by government mandated lockdowns - organisations that rely on public donations must transform their fundraising approach to leverage digital.

Fundraising is challenging, especially for smaller organisations, and digital fundraising requires new skills and investment in technology and digital capabilities. Our Managed Services segment enables charities and worthwhile causes of all sizes to raise vital funds sustainably and efficiently through safe and fun lottery and raffle games. By leveraging our digital lottery platform Jumbo is able to provide lottery management services for those organisations that:

- do not operate a lottery and are seeking to increase fundraising revenue; or
- operate a lottery (managed in-house or outsourced to a lottery manager) and are seeking to enhance performance.

In addition to the technology platform, we provide the lottery expertise including:

- programme management – administration, technology and player support
- prizes – selection and procurement of the prize, and
- marketing – initiatives, channels and campaigns used to drive awareness and participation.

Clients have significant flexibility to determine the extent of their involvement in the marketing of their lottery, from retaining full control of their customer database to trusting Jumbo to manage the entire player acquisition and retention process.

In November 2019, Jumbo acquired Gatherwell in the UK. Gatherwell provides an efficient turnkey digital lottery solution primarily to local authorities and schools. As at 30 June 2021, it managed approximately 80 local authorities and 2,000 school lotteries, supporting more than 9,300 good causes and continues to achieve strong sales growth, with TTV increasing an average 26% per annum over the last three years. As at 30 June 2021, Gatherwell had ~160,000 active players.

In February 2021, based on the knowledge acquired from the Gatherwell business model, Jumbo announced the launch of Managed Services in Australia with our foundation clients Paralympics Australia and St John Ambulance (VIC) on the PBJ platform.

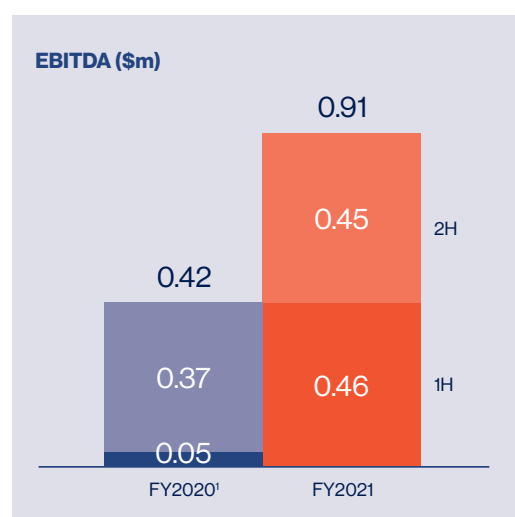
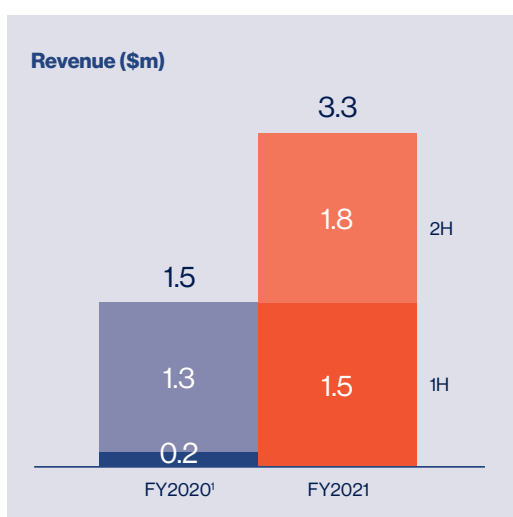
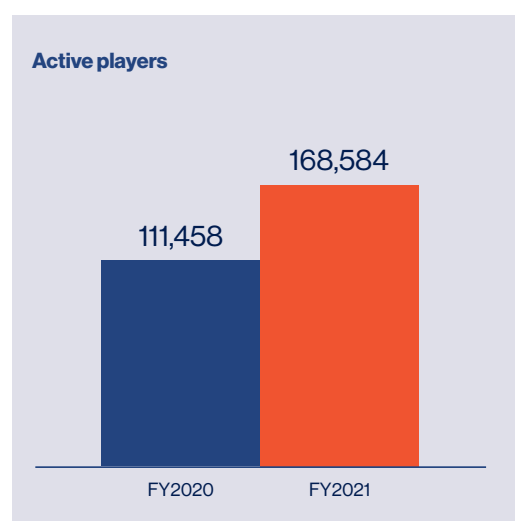
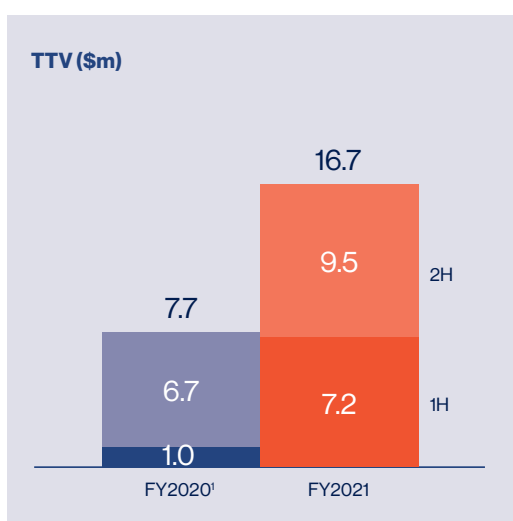
Paralympics Australia 'ParaLottery' went live on 10 May 2021 and St John Ambulance (VIC) 'St John Charity Lottery' went live on 2 June 2021. For our foundation clients, we are responsible for delivering a complete end-to-end lottery management service including draw management, prize procurement, marketing, data analytics, technology, and player support.

In August 2021, Jumbo announced it had entered into an agreement to purchase Stride, a Canadian lottery management provider. The acquisition adds significantly more scale to our Managed Services business through access to more than 750,000 active players and provides a strategic foothold to grow in the Canadian charity lotteries market. The acquisition remains subject to the satisfaction of certain conditions under the agreement including Canadian gaming regulatory approval, which is anticipated in late calendar year 2021.

**The Gatherwell integration has been successful with the business continuing to deliver strong growth.**

**“The pandemic has amplified trends that were already on the rise in fundraising: the shift to digital channels, development of virtual events and increased focus on supporter experience management.”**

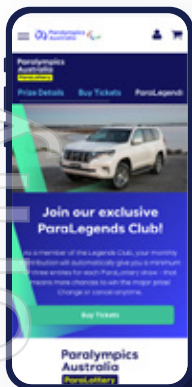
**FUNDRAISING INSTITUTE OF AUSTRALIA (MAY 2021)**



(1) Gatherwell only contributed approximately 7 months to FY20 as it was acquired in November 2019

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Credit: Paralympics Australia



**“90% of Good Causes report their fundraising income being negatively affected by COVID-19 with 78% saying the lottery helped keep funds coming in during COVID-19.”**

## THE ONGOING IMPACT OF THE GLOBAL PANDEMIC ON THIRD SECTOR FUNDRAISING, GATHERWELL

### Successful integration of Gatherwell

Since the acquisition in November 2019, Gatherwell has successfully transitioned into the broader Jumbo Group while continuing to deliver strong growth. With a shared culture and love for technology, the integration has been delivered within the expected timeframes, with minimal disruption to business operations, and allowing for the agreed exit of co-founders Ben Speare

and Martin Woodhead from 1 July 2021. The Gatherwell team remains in place and are committed to the continued growth of the business. We have also used the learnings from Gatherwell and the strong ongoing collaboration between our Australia and UK teams, to successfully launch Managed Services in Australia.

## Business Performance

The FY21 performance principally reflects the performance of Gatherwell, as Jumbo Fundraising's foundation clients - Paralympics Australia and St John Ambulance (VIC) only went live in late FY21. As Gatherwell was acquired on 29 November 2019, the headline FY20 results reflect only seven months of performance. However, on a like-for-like and constant currency basis, TTV increased 40.0% to £9.3 million which supported revenue growth of 42.0% to £1.8 million at a revenue margin of 19.8% (FY20: 19.5%). FY21 EBITDA was £663,000, up more than 100% on FY20, reflecting an EBITDA/revenue margin of 36.0% (FY20: 23.0%).

## Future Opportunity

While our PBJ platform is an attractive proposition for larger charities that already operate a lottery, there is a significant opportunity to assist smaller charities and worthwhile causes who do not operate a lottery or are seeking to outsource, digitise or enhance their existing lottery management activities.

In addition to the Australian market, we have prioritised the charitable giving sectors in the United Kingdom and Canada. The charitable giving market is estimated at \$42 billion and comprises:

- \$10.5 billion in Australia, reflecting approximately 58,000 registered charities
- \$18.8 billion in the United Kingdom, reflecting approximately 194,000 registered charities, and
- \$13.1 billion in Canada, reflecting approximately ~85,000 registered charities

Work is underway to further segment these markets and identify business development and strategic opportunities.

**“45% of charities say Digital Funding is one of their weakest skills.”**

## CHARITY DIGITAL SKILLS REPORT 2020



**St John  
Charity  
Lottery**

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# People of Jumbo are open and respectful, are adaptable, take ownership, create possibilities, exist for our players.

## Remote first

Despite the ongoing pandemic-related challenges, the health and wellbeing of our people remains our first priority. We responded rapidly in a changing landscape to ensure we safeguarded our people and maintained our ability to serve our players. The resilience and adaptability of our people has resulted in our strong service and productivity levels being maintained. We will continue to guide and support our people through these uncertain times and ensure they have all the necessary tools and access to training to further strengthen their health and wellbeing.

Initially, all our employees transitioned to remote work in response to the COVID-19 outbreak. In early 2021 our distributed workplace was formalised, and we have evolved into a remote-first company. Approximately 70% of our employees now work from home or remotely, connecting to teams virtually and continuing to deliver for our players. Through the introduction of new systems and processes, we have been able to increase collaboration and foster innovation. The majority of employees have participated in learning and development to further develop the skills required to be successful in a remote environment, including resilience, empowerment and communication training through both in-house and online training.

We have established new ways of engaging our employees through online platforms and regular virtual company updates. Employee engagement is measured regularly across the Group and our survey participation rate (89%)

and engagement score (90%) continue to be above external benchmarks. Our culture has been further strengthened through employee appreciation and recognition initiatives, an increased focus on communication and leadership, by demonstrating our compassion and understanding throughout this period of change, and the alignment of our core values.

**~70% of employees  
worked from home or  
remotely in FY2021.**



### Diverse and talented workforce

Jumbo prefers to 'promote from within' and is committed to developing the individual strengths of our people. Upskilling and empowering our employees is critical to our success and in FY21, 49% of our vacant roles were filled through internal succession. Alongside on-the-job learning, the introduction of our Propel Program in FY22 and succession plans for critical roles at all levels across our regions will continue to provide opportunities for career advancement. Succession planning, ongoing development and promotion from within shows our people that they are part of our exciting future.

Jumbo is committed to building and fostering a safe and supportive culture that is inviting and attractive for employees. Female representation across our workforce has increased by 3% to a total of 35% at 30 June 2021. We are encouraged to see an increase in the number of women being represented in management roles across the Group as well as 50% female representation at Board level. Our commitment to providing a

collaborative and inclusive environment in which our people feel valued and respected has contributed to a reduction in voluntary attrition, down from 15% in FY20 to 11.4% in FY21.

In FY22 we will continue to enhance our recruitment processes to ensure we are attracting candidates from diverse backgrounds, experiences, skills and perspectives. A new Diversity and Inclusion Policy that outlines our commitment to all our employees will be embedded this year. We will also deliver specific training for leaders on unconscious bias and inclusive hiring to raise awareness and better equip our people.

Our employee value proposition remains critical in enabling the continued growth and success of our business. In FY22 we will focus on delivering an employee experience where people have a clear understanding of how their work contributes to business outcomes, are recognised for a job well done, have the opportunity to learn and grow professionally and are rewarded with fair and competitive remuneration.

**We are encouraged to see an increase in the number of women being represented in management roles across the Group as well as 50% female representation at Board level.**





## Wellbeing

The wellbeing of our employees remains our first priority, particularly as we adapt to the uncertainty of the ongoing COVID-19 pandemic. We are committed to creating a mentally healthy workplace where everyone feels supported to balance work and home life. Our people are key to our organisational success, and we regularly seek feedback from them about the support they required through employee wellbeing surveys.

In FY21, Jumbo implemented a Mental Health Policy and employee assistance platform that provides a skills-based employee support program including digital resilience training, professional wellbeing and coaching. The policy and platform have been communicated broadly to our people and we have continued to provide regular updates, advice and support to help our people adjust to our new distributed workplace model and ongoing

COVID-19 related challenges. Employees are encouraged to reach out for extra help and professional counselling through our employee assistance platform. Our managers have been provided with tools to support their teams and are assisted by our People and Culture team who actively promote the provision of wellbeing support.

**The wellbeing of our employees remains our first priority, particularly as we adapt to the uncertainty of the ongoing COVID-19 pandemic.**

## Culture

Our people are our greatest asset. Developing and maintaining a strong, consistent culture is critical to the Group's success and one of our key strengths. As we expand internationally, we aim to integrate our Group culture while being mindful of and adapting to each local market. Our core values are the guiding principles that underpin our organisation's vision, culture and overall philosophy. Through our values, we aim to foster the right behaviours and culture across all our regions, presenting our teams with ambitious challenges and appropriate rewards.

## Looking to the future

As part of the transition to our new operating model, we created several senior manager roles to form a leadership team that will comprise of Regional General Managers and Group Functional Heads. Many of these roles have been filled through internal succession, with subject matter experts

on corporate strategy and the UK market appointed through an external recruitment search. Further appointments in Canada and the US are expected over the next 12 months. The leadership team have established core infrastructure and processes at Group level, enabling General Managers to replicate the successful Australian practices in our regional markets.

The People and Culture strategy will enable us to build on our strong foundations and respond to change around us as we continue to grow internationally. Through the establishment of core people processes and systems across all countries, we will be able to effectively and efficiently support the business as it grows.

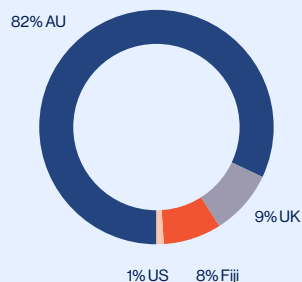
Attracting, retaining and empowering high calibre people is integral to our ongoing success. The quality of our people gives us a strong competitive advantage and we will continue to foster a culture of agility, innovation and continuous improvement. We aim to accelerate skills development through our Propel Program and to further strengthen

our talent pool through succession planning at all levels. By proactively shaping our culture through regular strategy discussions and employee engagement surveys, our people will remain engaged, motivated and committed to our purpose and values.

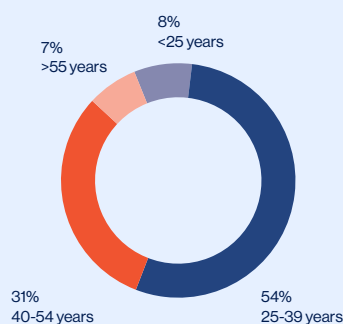
**Our survey participation rate and employee engagement scores continue to be above external benchmarks.**

## Our people by numbers

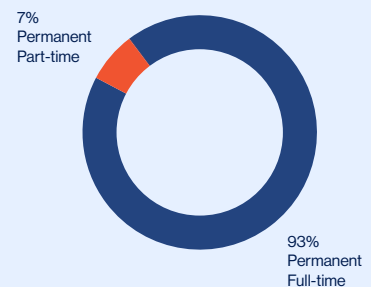
Number of employees by location



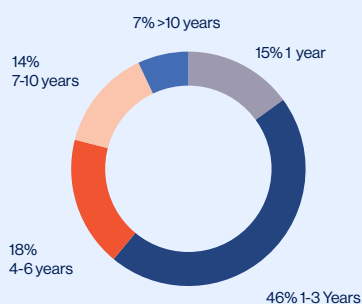
Employees by age



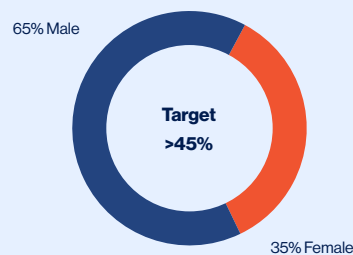
Employees by employment type



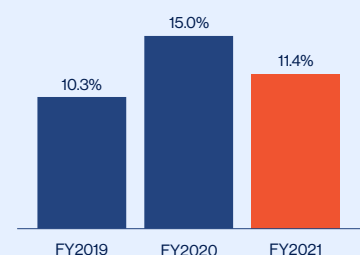
Employees by tenure



Gender diversity



Voluntary turnover





# Sustainability

**Jumbo is committed to being a socially responsible and sustainable business with effective governance that positively impacts its people, customers and communities, while delivering long-term value for shareholders.**

As a business that is focused on growing both in Australia and internationally, we believe high standards of corporate governance are essential to the successful execution of our strategy. We are focused on strengthening our corporate governance practices and implementing appropriate initiatives to respond to our environmental and social risks and opportunities.

Over the coming year Jumbo will focus on improved sustainability and corporate responsibility reporting by developing an internal reporting framework that aligns to the Global Reporting Institute (GRI) and Sustainability Accounting Standards Board (SASB) disclosure frameworks.

## Supporting our players

We are committed to the welfare of our players. Our products and services are designed to offer our players and our client's players the opportunity to dream and have fun. As a dedicated digital lottery software and services company operating in the charity and government lottery sectors in Australia and globally, we take our responsible gambling obligations very seriously and ensure we meet or exceed the standards set out in the responsible gambling code in all the jurisdictions in which we operate. Jumbo's Responsible Gambling Policy, resources and information are available on the Jumbo website.

**Although lotteries typically attract a low incidence of problem gambling, we are focused on providing a safe and trusted environment for lottery players to buy and manage their lottery tickets online in a manner that does not result in excessive gambling, players extending beyond their means or causing personal distress.**

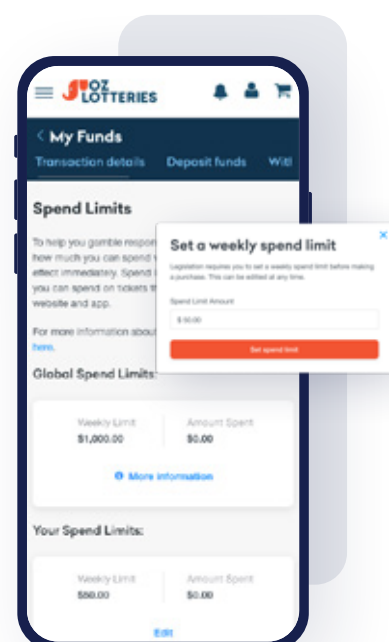
All lottery tickets sold through the Lottery Retailing platform are monitored in real time to identify any suspicious or concerning player activity, with automatic safeguards in place to deny the purchase of further lottery tickets and offer immediate support for vulnerable players. In addition to the automated and continuous system monitoring of player activity, Oz Lotteries players are able to proactively manage their accounts using key features such as:

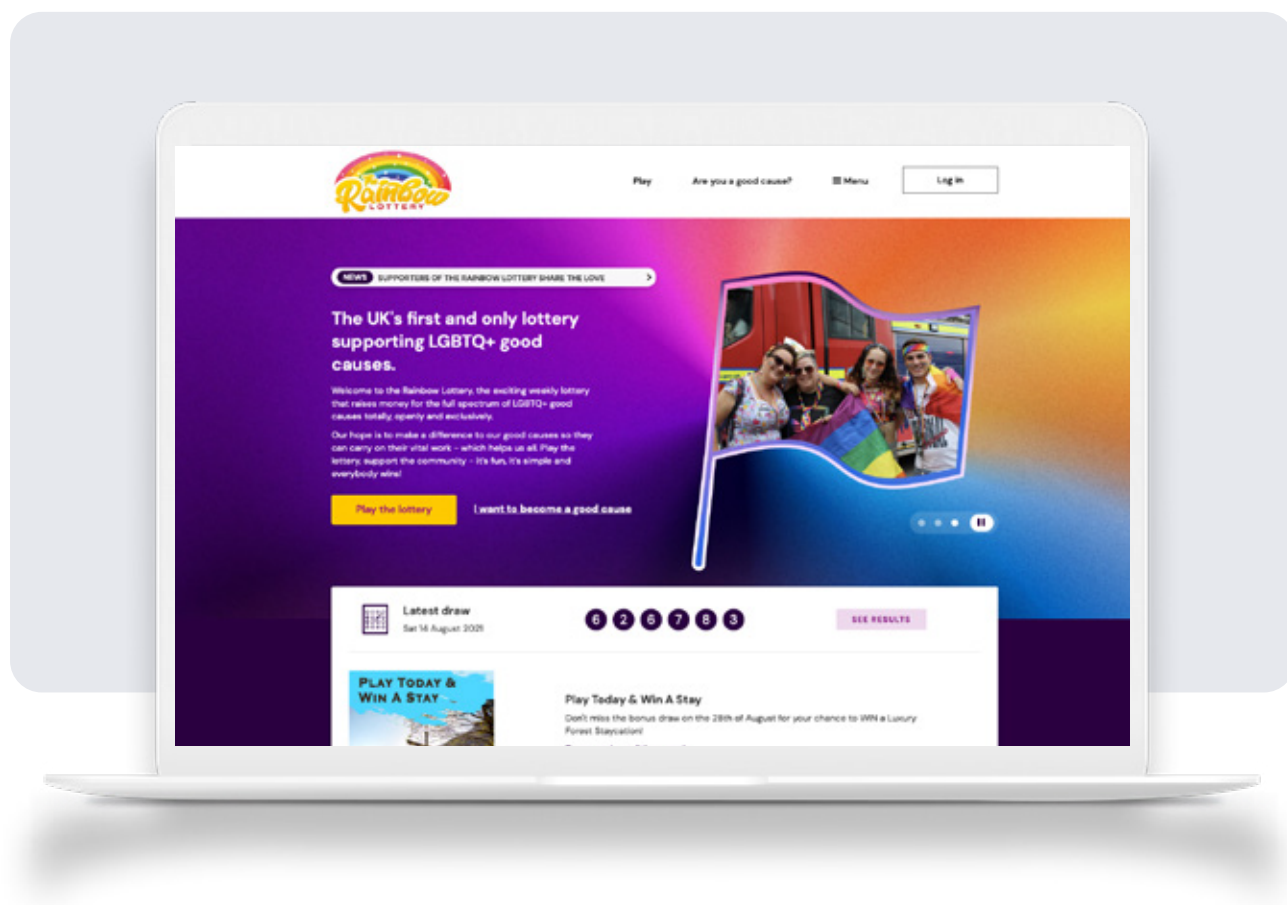
- setting pre-commitment / spend limits to control spending based on a time period or certain dollar amount
- setting deposit limits, by amount, by payment source or period of time
- self-exclusion requests, and
- requesting a Responsible Gambling Account Statement to show spending and prize amounts.

A dedicated call centre exists to respond to Oz Lotteries' player queries and requests.

All call centre staff undergo regular and mandatory training to identify signs of problem gambling, including changes in player spending or frequency of play. Staff are also equipped with robust in-house protocols and procedures to support at-risk players.

Jumbo offers all its SaaS clients a degree of product personalisation to adhere to their responsible gambling and codes of practice requirements. We also offer assistance with the development of appropriate procedures and staff training to embed responsible gambling principles.





### Supporting our communities

Jumbo has been able to assist charities and worthwhile cause organisations increase their fundraising revenue through our lottery management services. Our Managed Services segment provides solutions to charities who do not operate a lottery, to provide a new, cost-effective digital source of fundraising.

### This has proven effective in an environment where COVID-19 mobility restrictions have impacted face-to-face fundraising opportunities.

Similarly, Jumbo's SaaS segment enables existing charity lottery operators to leverage the power of our technology platform in a cost-effective way to improve revenue, knowing they are in safe hands with Jumbo and its 25 years of lottery management experience.

Jumbo's technology and lottery management expertise assist charities and worthwhile cause organisations in raising vital funds efficiently, freeing them to focus on their core purpose of making a difference to their communities.

As at 30 June 2021, Jumbo had approximately 100 clients, supporting over 9,300 good causes.

Contributing to grassroots initiatives is at the heart of Jumbo and we have developed an Internal Sponsorship Policy to encourage staff to apply for sponsorship grants for local community causes.

Jumbo is extremely proud to be a corporate sponsor for Paralympics Australia as the Tokyo 2020 Paralympics kicked off in August this year.

### Paralympics Australia's goal of 'Making Australia a more inclusive society' and the core values of 'Resilience, Adversity and Tenacity' resonated strongly with Jumbo.

We are delighted to have Paralympics Australia as one of our foundation Managed Services' clients in Australia.

### Jumbo is also proud to be part of the UK's first and only lottery supporting LGBTQ+ good causes.

Gatherwell, our UK-based subsidiary was instrumental in the establishment of the Rainbow Lottery, which sees 50p from every £1 ticket going exclusively to LGBTQ causes. Further information about The Rainbow Lottery can be found at <https://www.rainbowlottery.co.uk>.

Jumbo continues to support the advancement of women into leadership positions of lottery management and responsibility through our support of the Women's Initiative in Lottery Leadership (**WILL**), following the inaugural grant of US\$50,000 to fund scholarships and enable emerging female leaders to participate in training and education seminars.

The lottery industry is an essential contributor to the community, with important tax revenue raised on the sale of lottery tickets supporting public spending on a range of social services. Jumbo also provides services to our regional neighbours in Fiji, Samoa and the Cook Islands, enabling these countries to raise important funds for their respective communities.



**Jumbo has a 'promote from within' culture and we are committed to developing the individual strengths of our people. Upskilling and empowering our employees is critical to our success and for FY21, 49% of vacant roles were filled through internal hires.**

### **Supporting our people**

With operations in multiple countries, we are proud of our team of over 150 employees who make up our diverse workforce and are focused on our mission of 'Making Lotteries Easier'.

The health, safety and wellbeing of our staff was our number one priority over the course of the year, which continued to be impacted by the effects of COVID-19. Approximately 70% of our employees worked from home or remotely over the course of the year, following the formalisation of our Distributed Workplace Policy which sees us transition to a 'remote first' company. The resilience and adaptability of our team remain key focus areas with resilience, empowerment and communication training rolled out to staff, new collaboration tools introduced, and important wellbeing policies and processes implemented including a new Mental Health Policy and employee assistance platform.

Jumbo is committed to building and fostering a safe and supportive culture that is inviting and attractive for our employees. Female representation across our workforce has increased by 3% to a total of 35% as at 30 June 2021. With already 50% female representation on our Board, we remain committed to our objective of 45% female employees across the entire Group by 2023.

### **Jumbo's achievements in diversity and inclusion were recently acknowledged in the Australian Institute of Company Directors Gender Diversity Progress Report (March to May 2021).**

In support of Jumbo's efforts in building greater diversity, our Chair was also elected as a member of The 30% Club – launched in May 2015 with the primary objective of campaigning for 30% women on ASX200 boards. A new Diversity and Inclusion Policy that outlines our commitment to all our employees will be embedded in FY22, including leader training on unconscious bias and inclusive hiring practices to ensure we attract candidates from diverse backgrounds, experiences, skills, and perspectives.

Jumbo has a 'promote from within' culture and we are committed to developing the individual strengths of our people. Upskilling and empowering our employees is critical to our success and for FY21, 49% of vacant roles were filled through internal hires.

Our people are our greatest asset. Developing and maintaining a strong, consistent culture is one of our key strengths and critical to our future success. Employee engagement is measured regularly across the Group with a score of 90% recorded for FY21, supported by an 89% participation rate.

Jumbo has a formal Code of Conduct that encompasses its Directors, officers and employees. The Code is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, and ethical matters such as acting with integrity, exercising due care and diligence in fulfilling duties, acting in the best interests of the company and respecting the confidentiality of all sensitive corporate information. If a Director or officer becomes aware of unlawful or unethical behaviour by anyone in the company then they are obliged under the Code to report such activities to the Chair or via avenues outlined below.

Empowering people to speak up against wrongdoing is a central element of Jumbo's approach to good business ethics and doing the right thing. Reports can be made anonymously through an independent external whistleblowing channel, BDO Secure, as well as through Jumbo's internal channels. The effectiveness of Jumbo's whistleblowing arrangements is reviewed annually by the Audit and Risk Management Committee. In FY21, there were no reports of wrongdoing made through Jumbo's speak up channels.

For more information on ways in which we continue to support our people and our values, please refer to the 'People of Jumbo' section on page 34.

## Regulatory environment and compliance

We are committed to meeting our regulatory and legislative obligations in the States, Territories, and Countries in which we operate.

Obtaining a remote gambling software operating licence in the UK was a significant milestone for Jumbo and a testament to the high standards of governance and compliance that underpin the development of our software.

Privacy, data protection and cyber security continue to be key risk management priorities for Jumbo. We are committed to maintaining our ISO27001 Information Security Management Certification as best practice and are continually seeking to improve our processes, policies and documentation to strengthen our Information Security Framework.

We actively monitor Australian and international Data Protection legislation such as the Australian Privacy Principles (APPs) and EU General Data Protection Regulation

(EU GDPR) to provide our clients and players with the assurance that their data is secure and well managed.

We have integrated Know Your Customer (KYC) processes to ensure continual monitoring of suspicious account behaviour. These multi-faceted controls assist in the detection of fraudulent transactions, the early detection and management of potential problem gambling, and enabling us to implement Anti-Money Laundering and Counter Terrorism measures.

We have also undertaken work to improve our Tax Transparency and in preparation for our anticipated inclusion in the ATO's Justified Trust program.

The Modern Slavery Act 2018 (Cth) requires reporting entities subject to the Act to produce an annual Modern Slavery Statement. While Jumbo does not meet the relevant threshold to classify as a reporting entity, we are committed to operating ethically and improving the sustainability of our supply chain. Accordingly, Jumbo will voluntarily participate in Modern Slavery reporting for the FY22 period.

Jumbo has a relatively simple supply chain that includes the following products and services:

- lottery entries from official national and registered charity lotteries
- purchase of products and services needed for the businesses' day-to-day operations including office supplies
- employment and training of staff
- external professional services including financial auditing and legal advice
- leasing of office space
- information technology (IT) infrastructure and support services, and
- travel.

We endeavour to work with our suppliers to better understand their supply chains and ensure their approach is aligned to our values. We expect our business partners to operate in accordance with all applicable modern slavery laws including those prohibiting human slavery and slavery like practices, human trafficking and child labour.

Credit: Paralympics Australia



## Reducing our impact on climate change

Being a predominantly digital operation, our environmental impact is largely limited to our real estate footprint and associated facilities management activities including use of IT equipment and data storage.

Our Brisbane head office and Melbourne office both have 5 star NABERS energy ratings and 3 star NABERS water ratings. We are focused on reducing our energy consumption and its environmental impact. We are exploring the implementation of environmental monitoring tools to assist with baselining our current level of performance and identifying improvement opportunities. The transition to a 'remote first' company has seen less staff attend our physical office locations and we continue to review the adequacy and appropriateness of our real estate footprint in light of this trend.

Additionally, all cardboard, paper and plastic waste from our office is recycled. Where possible, we seek to procure environmentally preferable office products, with a preference for products carrying reputable certifications or labels such as Forest Stewardship Council (FSC). We have also sought to implement ways to reduce energy consumption, through more efficient lighting including use of lower wattage lamps and sensors. Employee air travel is kept to a minimum and any travel requests require CEO approval. Jumbo is a digital business and as such has adopted appropriate technology and on-line collaboration tools which enable staff to meet and communicate virtually, while maintaining strong productivity levels.

The provision of lottery tickets digitally, rather than in paper form, reduces our own and our clients' environmental footprint. Jumbo is aware of the different types of pollution that the digital sector creates including pollution from the production of IT hardware and pollution from e-waste (that is, used electrical and electronic equipment and pollution from daily digital usage). We already partner with a certified electronic waste vendor for the reuse, recycling and proper disposal of all IT equipment at the end of its useful life and have begun work on improving our environmental and ecological footprint including optimising our equipment rate, repurposing or recycling

hardware and responsible purchasing initiatives.

Our environmental roadmap for the year ahead includes conducting detailed impact assessments and developing sustainable carbon-neutral operational targets, including considering renewable energy credits or carbon offsets and exploring alternative energy investments.

We look forward to reporting on our progress at the end of FY22.







Credit: Paralympics Australia

### Strengthening corporate governance

Board renewal and diversity have been key focus areas in recent years with three new non-executive Board members appointed in the last two and a half years. The Nomination and Remuneration Committee was replaced by the People and Culture Committee to bring a holistic focus to other important aspects beyond remuneration such as diversity and inclusion gender equality and employee engagement and culture.

The Board is responsible for ensuring there is an appropriate corporate governance framework in place to build trust with our key stakeholders and deliver sustainable value for our shareholders.

Over the course of FY21, we have continued to strengthen our corporate governance practices including formalised key processes, revised existing policies and introduced new policies, measures and reporting to ensure the Board is appropriately supported in their oversight role and a proactive risk

management culture is embedded across the business with risk identification and mitigation considered in key decision-making.

Looking forward, we will continue to closely monitor and manage our key risks including people, data protection, international operations and compliance.

The Board of Directors, Audit and Risk Management Committee and Key Management Personnel are committed to supporting the Risk, Compliance and Internal Audit function that operates as an independent, objective assurance and advisory resource designed to add value and enhance our operations.

Our Corporate Governance Statement address the recommendations contained in the fourth edition of the ASX Principles and Recommendations and is available on our website at [https://www.jumbointeractive.com/corporate\\_governance\\_statement.pdf](https://www.jumbointeractive.com/corporate_governance_statement.pdf). This statement should be read in conjunction with Jumbo's website and the Directors' Report, including the Remuneration Report.

**Board renewal and diversity have been key focus areas in recent years with three new non-executive Board members appointed in the last two and a half years.**

# 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 2021.

## 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 2021:



**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. She is a highly respected company director with an executive career spanning over 25 years in large professional services firms, covering law, finance, human resources and corporate governance. Bringing a wealth of experience having served as chair and non-executive director on multiple ASX listed companies for over a decade, 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 Audit and Risk Committee of Plenti Group Limited (ASX:PLT) (since October 2020) and director and chair of the People and Culture Committee of Over the Wire Holdings Limited (ASX:OTW) (since December 2015). 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 Benon 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. Most recently, Sharon was a Non-Executive Director of Property Exchange Australia Ltd, the operator of the national online property exchange network. 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 in 2017. He is currently the Chief Investor Relations Officer at Tyro Payments Limited.



#### DAVID K BARWICK: Non-Executive Director

David ceased as Chairman of the Board of Directors on 29 October 2020, following 14 years of service as Non-Executive Director. He was appointed to the Board of Directors on 30 August 2006 and Chairman on 7 November 2007. David is an accountant by profession with over 40 years' experience in the management and administration of publicly listed companies both in Australia and North America. During this period David has held the position of Chairman, Managing Director or President of over 30 public companies covering a broad range of activities.



#### BILL LYNE: Non-Executive Director and Company Secretary BCom, CA, FCIS, FGIA, FAICD, FFIN

Bill ceased as a Non-Executive Director on 31 March 2021 and as Company Secretary on 1 January 2021. He was appointed to the Board of Directors on 30 October 2009 and as Company Secretary on 19 October 2007. Bill is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies.

Bill is a fellow of Governance Institute Australia (GIA) and has been a presenter at GIA courses in company secretarial practice.

2.

## Directors' meetings

The table below set out the number of meetings of the Board of Directors (including Board committees) held during the year ended 30 June 2021 and the number of meetings attended by each Director.

Meetings Table <sup>1</sup>	Board		Audit and Risk Management Committee		People and Culture Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Susan Forrester	9	9	5	5	3	3
Mike Veverka	13	13	8 <sup>2</sup>	8 <sup>2</sup>	5 <sup>2</sup>	5 <sup>2</sup>
Sharon Christensen	13	13	4	4	5	5
Giovanni Rizzo	13	13	8	8	5	5
David Barwick	6	6	3	3	2	2
Bill Lyne	11	11	7	7	3	3

<sup>1</sup> Meetings include Circulating Resolutions

<sup>2</sup> Attends 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	20,000
Mike Veverka <sup>1</sup>	9,525,779
Sharon Christensen	3,550
Giovanni Rizzo	2,000

<sup>1</sup> In addition Mike Veverka holds 64,141 rights over unissued ordinary shares



## 4. Share options and rights

Unissued ordinary shares of the Company under options at the date of this report are as follows:

Date options granted	Expiry date	Exercise price of shares	Number under option
15 November 2017	15 November 2022	\$3.50	600,000

Unissued ordinary shares of the Company under rights at the date of this report are as follows:

Date rights granted	Expiry date	Exercise price of shares	Number under right
28 October 2019	1 July 2023	\$nil	46,716
29 October 2020	1 July 2024	\$nil	92,965
17 December 2020	4 November 2023	\$nil	40,984 <sup>1</sup>
15 March 2021	4 November 2023	\$nil	17,376
12 August 2021	30 June 2022	\$nil	16,925 <sup>2</sup>
12 August 2021	1 July 2025	\$nil	54,157 <sup>3</sup>

<sup>1</sup>includes 16,393 rights to Mike Veverka pending shareholder approval to be sought at the 2021 AGM

<sup>2</sup>includes 7,319 rights to Mike Veverka pending shareholder approval to be sought at the 2021 AGM

<sup>3</sup>includes 23,419 rights to Mike Veverka pending shareholder approval to be sought at the 2021 AGM

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

During or since the financial year ended 30 June 2021, no ordinary shares of Jumbo Interactive Limited were issued on the exercise of options granted.

During or since the financial year ended 30 June 2021, 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
29 October 2020	-	23,241

During or since the financial year ended 30 June 2021, the following rights were granted by Jumbo Interactive Limited to Directors and Executive Key Management Personnel (KMP), including the five most highly remunerated officers of the Group as part of their remuneration.

Name	Number of rights granted	Number of unissued ordinary shares under right
<b>Directors</b>		
Mike Veverka <sup>1</sup>	47,359	47,359
<b>Other key management personnel</b>		
Xavier Bergade	21,785	21,785
Brad Board	21,785	21,785
David Todd	21,785	21,785
	<b>112,714</b>	<b>112,714</b>

<sup>1</sup>subject to shareholder approval at the 2021 AGM

## 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 Ltd for over three 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 63 to 76, and forms part of the Directors' Report for the financial year ended 30 June 2021.

## 7. **Principal Activities**

The principal activity of the Group during the financial year was the retail of lottery tickets through the internet and mobile devices, sold both in Australia and eligible overseas jurisdictions. In February 2021, the Group launched the Managed Services business in Australia, reflecting a natural progression of the Gatherwell UK business which was acquired in November 2019. The Managed Services segment provides a complete lottery management service to charities and worthwhile causes including prize procurement, game design, campaign marketing, customer relationship and draw management. This new segment complements the Company's existing lottery SaaS and Lottery Retail segment.

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

- Lottery Retailing (B2C);
- Software-as-a-Service (B2B/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 and internationally.

### **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 53 to 62 of this report.

## 9. Dividends

A fully franked final dividend of 17.0 cents per fully paid ordinary share for the year ended 30 June 2020 was paid on 30 September 2020, and a fully franked interim dividend of 18.0 cents per fully paid ordinary share for the year ended 30 June 2021 was paid on 19 March 2021.

On 26 August 2021, the Directors have determined to pay a fully franked final dividend for the financial year ended 30 June 2021 of 18.5 cents per fully paid ordinary share (2020: 17.0 cents per fully paid ordinary share), to be paid on 24 September 2021.

Further details of dividends provided for or paid are set out in note 15: Dividends to the Consolidated Financial Statements on page 109.

## 10. 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.

## 11. 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).

## 12. Events subsequent to the reporting period

On 26 August 2021, the Company announced it had entered into an agreement to acquire 100% of Stride Management Inc. (**Stride**), reflecting Jumbo's entry into the Canadian charitable lottery market. The conditional acquisition of Stride is a key strategic step in Jumbo's international expansion strategy following the successful acquisition of UK based Gatherwell Limited in November 2019. Total consideration is expected to be approximately A\$11.7 million with 70% payable on completion and the remaining 30% to be paid in two instalments in FY22 and FY23, subject to earnings hurdles being met. Completion of the transaction remains subject to the satisfaction of certain conditions under the agreement including Alberta and Saskatchewan Gaming regulator approval, which is anticipated in late calendar year 2021.

Apart from the above and the final dividend declared, 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 2021.

## 13. 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. A new 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 revenue.

### 13.1 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 'make lotteries easier' which relies on:

- A world-class lottery software platform; and
- An exceptional player experience.

Our strategy is to grow the business through an expanded product range and expanded geographic locations. From 1 July 2020, the core product range has been expanded from mainly an online lottery reseller to three operating segments being Lottery Retailing, Software-as-a-Service and Managed Services and has expanded geographically to distribute the core product range on a standardised basis in the UK and other international markets.

## 13.2 Lottery Retailing

The Lottery Retailing segment is a well-established, fully accredited retailer of lottery tickets through the flagship Oz Lotteries brand, which include the sale of Australian lotteries (national and charities) in eligible jurisdictions in both Australia and internationally.

The Lottery Retailing segment is underpinned by a strong and long-standing relationship with Tabcorp, which was extended for a further 10 years in August 2020. Tabcorp is Australia's exclusive operator of licensed lotteries for all Australian states except for Western Australia. Sale of national lottery games are undertaken through the following lottery agreements with Tabcorp:

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

The Tabcorp service fee will increase from 1.5% of the subscription price in FY21 to 2.5% in FY22, 3.5% in FY23 and 4.65% in FY24, increasing the overall cost of sales of the Group.

The domestic digital lottery market is currently estimated to be ~34% of the total domestic lottery market (~\$6bn) and increasing by 3–4 percentage points per annum. This compares to more mature overseas markets such as the UK and Finland where on-line penetration is estimated to have reached ~42% and ~44% respectively.

The Company commenced selling charity lottery tickets in July 2015 with a total of 9 charities using Oz Lotteries to sell lottery tickets including charities such as Mater, Endeavour Foundation, Surf Life Saving, RSPCA and the Deaf Lottery Association. Charity ticket sales currently represent ~3% 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 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.

## 13.3 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 2021, four SaaS client agreements had been operationalised in Australia, with an annualised ticket sales run-rate of \$132.2 million. 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.

Outside of Australia, the Company has prioritised the United States, United Kingdom and Canadian lottery sectors. The Total Addressable Market (**TAM**) for SaaS opportunities is estimated at ~\$25 billion, with the largest opportunity estimated at ~\$22 billion, reflecting the government lottery sector in the United States. Following recent 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 the end of 2020, 11 out of 48 US lottery jurisdictions offered iLottery, equivalent to less than a quarter of the total lottery sector. The United Kingdom and Canadian TAM is estimated at \$1.6 billion and \$1.3 billion respectively.

Two previously announced SaaS agreements were terminated during the year. MS Queensland elected to consolidate and centralise various fundraising activities including the previously state managed lottery programs. Classics For A Cause transitioned from conducting raffles in benefit for non-for-profit members to 'for profit' trade promotions, which does not align with Jumbo's SaaS proposition. Both agreements were not expected to contribute materially to TTV.

The SaaS segment remains well placed for growth in these markets over the medium to long term.

## 13.4 Managed Services

The Company acquired Gatherwell Limited 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.

The Company has extended the Gatherwell business model to Australia, leveraging the PBJ platform. In February 2021 the Company announced the launch of Managed Services in Australia with its foundation clients Paralympics Australia and St John Ambulance (VIC).

The growth prospects for Managed Services are compelling. As at 30 June 2021, Gatherwell serviced ~2,000 out of approximately 30,000 schools and 80 out of approximately 400 authorities. The total addressable market of charitable giving market in the UK is estimated at \$18.8 billion with approximately 194,000 registered charities in England, Wales and Scotland. The equivalent market in Australia is estimated at \$10.5 billion with approximately 58,000 registered charities.

In August 2021, the Company announced it had entered into an agreement to purchase Canadian lottery management provider Stride Management Inc (Stride). The acquisition, which remains subject to Canadian Gaming regulator approval, adds significantly more scale to the Managed Services segment and provides a strategic foothold in the Canadian charity lotteries market. Stride operates within the \$1.2 billion estimated TAM of the Canadian Charitable Lottery and Raffle sector.

## 13.5 Group

The Company has invested in additional resources to ensure our risk management and governance foundations are robust as the business grows both in Australia and internationally. Excluding one-off items and after adjusting for the timing of the Gatherwell acquisition, underlying expenses increased 12.3%. Revenue growth however outpaced the increase in operating expenses, demonstrating the positive operating leverage of the business. In FY22, the Company will continue to invest in the business with operating costs expected to increase further. The majority of the investment is aligned to driving revenue growth across the three segments and includes additional investment in people, technology and marketing. The investment is seen as critical to building the necessary capability for the Company to capitalise on the medium to longer term growth opportunities that lie ahead and reduce strategic execution risk.

## 13.6 Impact of COVID-19

The change in consumer behaviour from COVID-19 has had a net positive impact on the Group's financial performance up to 30 June 2021. The mobility restrictions put in place from the government mandated lockdowns to contain the spread of the pandemic and support the economy has resulted in an increase in digital lottery sales, although ticket sales remain highly correlated to jackpot activity.

Over the course of the year, approximately 70% of our employees worked from home or remotely, following formalisation of the Group's Distributed Workplace policy. High customer service levels and staff productivity levels were maintained over this period. Management will continue to review and seek to optimise the Group's real estate footprint as a result of the pandemic.

## 14. Key risks

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

- **Data Protection:** The Company takes a holistic approach to data protection which encapsulates both our obligations under relevant Privacy Legislation as well as Cyber Security measures. The Company is constantly working to ensure we have adequate protection to prevent both accidental and malicious data breaches against increasingly sophisticated players and threat landscape;
- **Failure to execute our strategy,** in particular expansion into new markets and international opportunities. The Company is cognisant of maintaining a balance between focussing attention and effort on established and mature revenue channels to safeguard our investments and accepting higher risk profiles in the pursuit of acquiring international market access and returns;
- **Risks relating to our people,** including achieving a balance of the right skillsets and resourcing in an increasingly competitive market for technical talent and offering development pathways to foster talent and future-proof our business; and
- **Risk of non-compliance with regulatory expectations or failure to meet community expectations.** International expansion has resulted in complex multi-layered legal and regulatory requirements which the Company is constantly working to meet. The Company also takes a more rigorous approach to adopt broader best practice extending beyond our legal requirements to ensure a fair and transparent lottery environment and trust from our community and regulators.

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)).

## 15. Impacts of legislation and other external requirements

Compliance with the relevant legislation and regulation is a cornerstone in the way we do business. We operate in a complex and evolving compliance environment where we often face multi-layered state/territory, Australian and international legislative requirements.

We have focussed on privacy requirements in a global setting including EU General Data Protection Regulations (**EU GDPR**) and Australian Privacy legislation and guidelines, as well as Responsible Gambling/Know Your Customer (**KYC**) during the financial year ended 30 June 2021 and are looking forward to continuing to improve our environmental and social impact.

## 16. Indemnifying officers or auditors

During the financial year, the Company paid premiums in respect of a contract ensuring 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.

## 17. Non-audit services

During the financial year, the Company's auditor BDO Audit Pty Ltd, or their related practices (herein also referred to **BDO**), performed other services in addition to its audit responsibilities.

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*.

Details of the amounts paid to BDO for non-audit services throughout the year are set out below:

	Consolidated	
	2021 \$	2020 \$
<b>Taxation services</b>		
Tax compliance services – tax returns	48,000	52,500
Transfer pricing consulting	13,000	-
Other tax advice	53,131	9,300
<b>Total taxation services</b>	<b>114,131</b>	<b>61,800</b>
<b>Other services</b>		
Whistleblower services	5,000	6,500
Due diligence – other BDO-related firm	110,000	84,423
<b>Total other services</b>	<b>115,000</b>	<b>90,923</b>
<b>Total fees for non-audit services</b>	<b>229,131</b>	<b>152,723</b>



## 18. 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 regards 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.

## 19. 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*.

## 20. 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.

## 21. 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 77.



**Susan M Forrester**

Chair of People and Culture Committee

# Operating and Financial Review

1.

## Explanation of results

From 1 July 2020, the Group changed its internal organisational structure which was driven by the Group's new vision to 'make lotteries easier' and a growth strategy that expands its core product range from just a national lottery ticket reseller to three operating segments being Lottery Retailing, Software-as-a-Service (**SaaS**) and Managed Services, expanding geographically to distribute the core product range to international markets on a standardised basis.

The manner of the change in the Group's organisational structure resulted in the composition of its reportable operating segments to change (see note 1 for details). This has involved the allocation of direct costs to the operating segments and allocation of indirect costs on a headcount basis. Information for the prior corresponding period (**pcp**) is provided where available and the cost to develop the information is not excessive.

The Group reports revenue 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 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'**).

The Lottery Retailing division continues to be the largest contributor to Group revenue and profits at present. Revenue for this division increased despite a lower level of large jackpot activity due mainly to an increase in customer activity, although profits have not increased to the same extent with the introduction of a service fee payable under the Tabcorp Agreement. The SaaS division revenue and profits increased as it scales up with the progressive finalisation of on boarding of customers. The Managed Services division includes Gatherwell in the UK which contributed for a full 12-month period compared to a 7-month period in the pcp, and is relatively new in Australia having signed its first two customers in February 2021 that went live in May and June 2021.

The Tabcorp Agreement has impacted the current period with capitalisation and amortisation of the \$15,000,000 extension fee over the term of the Agreement increasing the amortisation expense by \$1,375,000, the introduction of a new service fee increased cost of sales by net \$2,883,000, and consultancy and legal fees contributing to one-off expenses of \$867,000.

The impact of the change in consumer behaviour from the COVID-19 pandemic has been positive for the Group in general. With the movement of people being restricted during lockdowns, it is easier to purchase lottery tickets online and like-for-like jackpot sales have shown a continuing positive trend. Group staff working from home as required has also reduced some administration expenses during this period. Lottery ticket sales in the UK were initially depressed in Q2FY21 but rebounded in Q4FY21 to be above pcp.

The financial position of the consolidated entity is sound with strong liquidity. While the economic environment and the ongoing impacts of COVID-19 remain uncertain, the continued profitability and prudent management of the Group means it is well placed to take advantage of any potential acquisitions and/or opportunities globally.

The technology industry is fast-moving with the rate of technological change high, and the Group continues to invest in its software platforms. In addition, better data management leads to an improved customer experience and increased sales, so the Group has increased investment in technology for the benefit of both its own Lottery Retailing operation as well its SaaS customers. The Group also continues to invest in its staff, both through training and development and through additional resourcing. During the financial year, the Group received ISO 27001:2013 certification of the information security management systems applying to its core software platform product.

The outcomes of this investment in the three main pillars that support the ongoing growth of the Group are as follows:

- \$6,406,000 (2020: \$6,432,000) invested in the proprietary software platform (intangible assets);
- \$5,698,000 (2020: \$5,577,000) invested in marketing activities primarily to acquire new and retain existing customers; and
- \$13,023,000 (2020: \$11,613,000) on employees who provide the software development and marketing skills, customer support services, and management.

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

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

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

Underlying EBITDA, EBIT, and NPAT is defined as statutory EBITDA, EBIT, and NPAT adjusted for significant non-recurring, non-operating items, and is provided as a useful indicator of the Groups' operating financial performance on a year-by-year basis.

	FY2021 \$'000	FY2020 \$'000	Variance %
TTV	486,981	356,141	36.7
– Company	365,444	340,626	
– Third party	121,537	15,515	
Revenue	83,319	71,168	17.1
Revenue margin (%)	17.1%	20.0%	(2.9ppt)
EBITDA – underlying <sup>1</sup>	48,922	43,223	13.2
EBIT – underlying <sup>1</sup>	40,683	37,236	9.3
NPAT – underlying <sup>1</sup>	28,346	26,465	7.1
Earnings per share – underlying	45.4	42.5	6.8
Adjustments <sup>1</sup>			
– Expenses	(1,469)	(406)	>100
– Fair value movement on financial liabilities	(177)	(176)	0.6
– Tax effect	259	-	>100
EBITDA – statutory	47,276	42,641	10.9
EBIT – statutory	39,037	36,654	6.5
NPAT – statutory	26,959	25,883	4.2
Dividends paid per share (cps)	35.0	40.0	(12.5)
Earnings per share (cps)	43.2	41.5	4.1
Return on capital employed (%)	31.6	32.8	(1.2ppt)
EBITDA margin – underlying	58.7	60.7	(2.0ppt)
EBIT margin – underlying	48.8	52.3	(3.5ppt)

<sup>1</sup>refer page 56 for the reconciliation to statutory earnings

- TTV up \$130,840,000 or 36.7% with the inclusion of all ticket sales processed through the Jumbo lottery platform in FY2021 (and updated in FY2020), with increased contributions from all three operating segments
- Revenue up \$12,151,000 or 17.1% to \$83,319,000 with:
  - Lottery Retailing up \$6,597,000 or 9.6% which was affected by the transfer of WA customer to Lotterywest from 21 December 2020 (see comments under review of operations for Lottery Retailing for details)
  - Software-as-a-Service up \$3,775,000 or >100% as all client player transactions transitioned to the Jumbo lottery platform over the 12-month period
  - Managed Services up \$1,778,000 or >100% with 12-months contribution from Gatherwell compared to -7-months since its acquisition on 29 November 2019 in pcg
- Underlying EBITDA up \$5,699,000 or 13.2% to \$48,922,000.

## 2.1 Major items

- Lottery Retailing – signing of the Tabcorp Agreement which provides greater certainty over a longer period albeit at reduced returns.
- SaaS segment scaling up with three customers previously signed-up now fully operational in the FY2021 financial year and signing a new agreement with Lotterywest that involved transferring Jumbo's Western Australia customers to Lotterywest and providing them with a white-label website for these customers that went live on 21 December 2020.
- Managed Services segment includes financial performance of Gatherwell UK for a full 12 months compared to 7 months in the pcpc (acquired 29 November 2019).

## 3. Consolidated results of operations

TTV and Revenue have increased largely due to the scaling up of the SaaS business and Gatherwell contributing 12 months in the Managed Services business compared to 7 months in the pcpc (that also contributed to increased expenses). Cost of sales has increased with a service fee introduced with the Tabcorp Agreement signed in August 2020. There is a continued focus on the management of expenses which, on an underlying basis, increased 15.2%.

The Group's financial performance is summarised below.

	FY2021 \$'000	FY2020 \$'000	Variance %
TTV	486,981	356,141	36.7
Revenue	83,319	71,168	17.1
Cost of sales	(8,339)	(5,326)	56.6
Gross profit	74,980	65,842	13.9
Other income	386	342	12.9
Expenses	(28,090)	(23,543)	19.3
EBITDA	47,276	42,641	10.9
Depreciation and amortisation	(8,239)	(5,987)	37.6
EBIT	39,037	36,654	6.5
Net interest revenue	17	771	(97.8)
NPBT	39,054	37,425	4.4
NPAT attributable to members	26,959	25,883	4.2

## 4. Group performance overview

- TTV up \$130,840,000 or 36.7% to \$486,981,000 largely from the Lottery Retailing segment that performed well at lower-level jackpots, the SaaS segment as the business scales-up, and the Managed Services segment that includes Gatherwell for 12 months compared to 7 months in the pcpc (that also contributed to increased expenses).
- Revenue up \$12,151,000 or 17.1% to \$83,319,000 with contributions from:
  - Lottery Retailing up \$6,597,000 or 9.6% to \$75,803,000 mainly due to strong support at lower jackpot levels but impacted from lower activity of large jackpots and the transfer of Western Australia customers to Lotterywest from 21 December 2020 (see operational review below for details).
  - SaaS up \$3,775,000 or >100% to \$4,938,000, net of intersegment revenue, with a scaling-up of the current clients since becoming fully operational in the financial year period;
  - Managed Services up \$1,778,000 to \$3,298,000 with a full 12-month contribution from Gatherwell UK compared to a 7-month period in the pcpc; and
- Cost of sales up \$3,013,000 or 56.6% mainly due to the new service fee under the Tabcorp Agreement signed in August 2020
- Expenses up \$4,547,000 or 19.3% primarily reflecting:
  - \$1,536,000 increase in employee benefits expense largely from Gatherwell contributing 12 months compared to 7 months in the pcpc (\$1,287,000 up \$538,000 from \$749,000), increased share-based payments \$968,000 up \$462,000 from

\$506,000) reaching a full run-rate from staff employed in the pcpc, and six more staff in AU compared to the pcpc, and annual remuneration increases;

- \$1,740,000 increase in consultancy and legal expenses mostly with one-off expenses of \$867,000 relating to the 10-year Tabcorp Agreement, \$412,000 for the Stride Management Inc acquisition, and \$462,000 for USA consulting (which will be in employee benefits expense in FY2022);
- \$735,000 increase in technology expenses mainly for data analytic software that is used internally for the benefit of Oz Lotteries which gives the Group a competitive advantage in the services it provides to its SaaS and Managed Services customers;
- \$567,000 increase in insurance with increased cover and premiums due to an expanding business;
- \$405,000 decrease in other expenses that mainly relate to reduced travel and accommodation expenses impacted by COVID-19 and staff working from home;
- EBITDA up \$4,635,000 or 10.9% to \$47,276,000 with contributions from:
  - Lottery Retailing \$30,380,000;
  - Software-as-a-Service \$21,954,000;
  - Managed Services \$914,000;
  - Other reconciling corporate net operating expenses (\$6,358,000); and
  - Other revenue \$386,000
- \$2,252,000 or 37.6% increase in depreciation and amortisation mainly due to:
  - \$1,375,000 amortisation of the \$15,000,000 capitalised Tabcorp extension fee being amortised over the 10-year term of the agreements;
  - \$414,000 amortisation for 12 months (2020: \$263,000) of the Gatherwell intangible assets that arose in the business combination on acquisition; and
  - \$805,000 increased amortisation of capitalised website developments costs relating to the proprietary software.
- \$754,000 or 97.8% decrease in net interest revenue mainly due to a decrease in interest received with lower average bank balances following the \$15,000,000 Tabcorp extension fee payment in August 2020 and lower average interest rates during the period.

5.

## Reconciliation to statutory earnings

Underlying earnings is a non-statutory measure and is the primary reporting measure used by management and the Group's chief operating decision maker for the purposes of managing and accessing the financial performance of the business. Underlying earnings is derived by adjusting the statutory earnings for significant non-recurring, non-operating items as follows:

	FY2021 \$'000	FY2020 \$'000
Underlying EBITDA	48,922	43,223
Underlying EBIT	40,683	37,236
Underlying NPAT	28,346	26,465
Add/(deduct) significant items		
– Acquisition costs	(602)	(406)
– Consulting and legal fees	(867)	-
– Fair value movement on financial liabilities	(177)	(176)
Statutory EBITDA	47,276	42,641
Statutory EBIT	39,037	36,654
Taxation benefit	259	-
Statutory NPAT	26,959	25,883

The acquisition costs relate to the acquisition of Gatherwell Limited in the UK on 29 November 2019 and Stride Management Inc in Canada with a conditional purchase agreement signed 26 August 2021. The consulting and legal fees relate to the 10-year Tabcorp Agreement signed on 26 August 2020. The fair value movement on financial liabilities is in respect of increasing the probability from 95% to 100% of paying the full earnout for milestone two for 30 June 2021 in respect of the Gatherwell Limited UK acquisition.

## 6. Review of operations

With the change on the composition of the reportable operating segments from 1 July 2020, directly comparable information of all items for the pcip is not available (n/a).

### 6.1 Lottery Retailing

Jumbo's Lottery Retailing business 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 and other eligible jurisdictions excluding Queensland and Western Australia, under 10-year agreements to 25 August 2030 with the licenced operator Tabcorp Holdings Limited (**Tabcorp**). The business 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.

	FY2021 \$'000	FY2020 \$'000	Variance %
TTV - company	365,444	339,723	7.6
Revenue	75,083	68,486	9.6
Gross profit	40,109	63,356	(36.7)
Operating expenses	(9,729)	n/a	
EBITDA	30,380	n/a	
Revenue / TTV	20.5%	20.2%	0.3ppt
Gross profit / Revenue	53.4%	92.5%	(39.1ppt)
Opex / Revenue	13.0%	n/a	
EBITDA / Revenue	40.5%	n/a	

Key events in the reporting period are:

- The transfer of Western Australia customers to Lotterywest from 21 December 2020 which is effectively a transfer of TTV at a margin of ~20% from Lottery Retailing to SaaS at a margin of 9.5% for these customers (see below table);
- The introduction of a service fee (cost of sales) of 1.5% paid to Tabcorp on subscription costs (cost of ticket purchases) effective 13 July 2020, that increases on 1 July annually to 2.5% FY2022, 3.5% FY2023 and 4.65% FY2024 ongoing, in terms of the new 10-year agreements to 25 August 2030 with Tabcorp;
- The introduction of an intersegment software management fee by the SaaS business of 7.5% of TTV for the development, improvement and maintenance of the proprietary lottery software platform and provision of data information and analysis using technology such as AI and machine learning.

	1H21	2H21	FY21	1H20	2H20	FY20	FY variance %
TTV - third party	185,684	179,760	365,444	183,800	155,923	339,723	7.6
Less: Lotterywest	(15,964)	-	(15,964)	(19,458)	(16,364)	(35,822)	
Underlying TTV	169,720	179,760	349,480	164,342	139,559	303,901	15.0
Revenue	37,807	37,276	75,083	36,811	31,675	68,486	9.6
Less: Lotterywest	(3,159)	-	(3,159)	(3,816)	(3,263)	(7,079)	
Underlying Revenue	34,648	37,276	71,924	32,995	28,412	61,407	17.1



TTV has increased by \$25,721,000 or 7.7% to \$365,444,000 (2020: \$339,723,000) and by \$45,579,000 or 15.0% on an underlying basis, mainly due to increased activity and spend from current customers. Although new customer numbers were lower than pcp, it is still a good result when comparing the lower large jackpot activity to the pcp. Excluding the transfer of Western Australia customers to Lotterywest, active players increased 1.5% in the financial year ended 30 June 2021.

Underlying TTV	FY2021		FY2020		Variance
	\$'000	%	\$'000	%	
Lotteries	341,031	97.6%	295,863	97.4%	15.3
Charities	8,449	2.4%	8,038	2.6%	5.1
Total TTV	349,480	100.0%	303,901	100.0%	15.0

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:

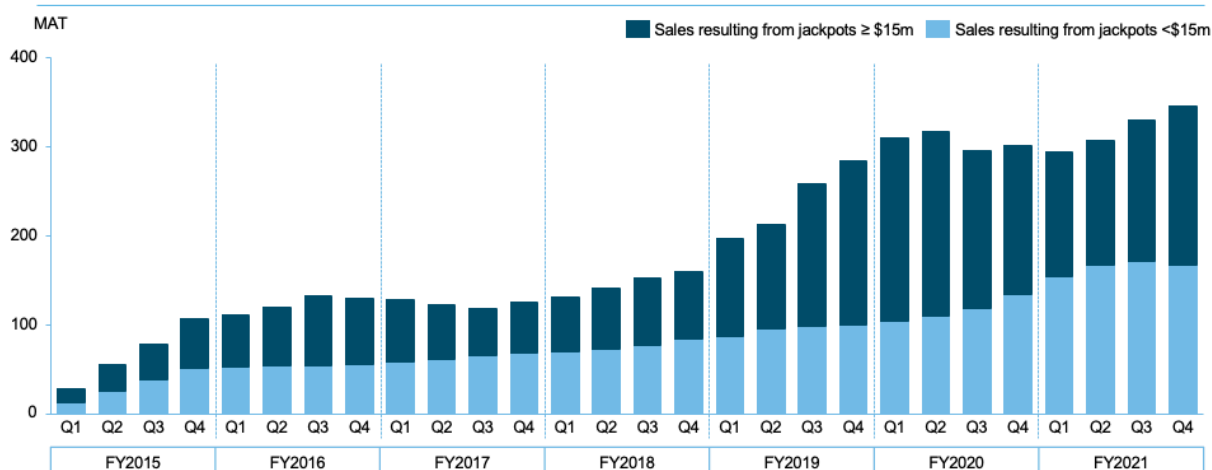
	FY2021	FY2020	FY2019
TTV - Lottery Retailing	\$365,444,000	\$339,723,000	\$319,730,000
Reported Revenue – Lottery Retailing	\$75,083,000	\$68,486,000	\$64,282,000
<b>OzLotto / Powerball Division 1 of \$15 million or more</b>			
Number of jackpots of \$15 million or more	38	39	49
Average Division 1 jackpot of \$15 million or more	\$31,832,000	\$40,128,000	\$38,367,000
Peak Division 1 jackpot during the full year period	\$80,000,000	\$150,000,000	\$100,000,000
Aggregate Division 1 jackpots during the full year period	\$1,210,000,000	\$1,565,000,000	\$1,880,000,000
<b>Customer activity</b>			
Number of new online accounts	246,770	350,319	444,004
Cost per lead (CPL)	\$20.31	\$14.28	\$13.81
Number of active online customers / players	806,139	827,411	761,863
Average spend per active online customer / player	\$423.11	\$383.12	\$385.44

Whilst there has been a positive impact in new and active customers buying online due to COVID-19, with a 10.4% increase in average spend, there has been a negative impact from the lower level of large jackpot activity and the transfer of Western Australia customers to Lotterywest on 21 December 2020.

The number of new online accounts for the 12-month period to 30 June 2021 is 29.6% lower than pcp largely due to lower large jackpot activity which was 2.6% lower in number and 22.7% lower in aggregate value than pcp, with the average large jackpot value 20.7% lower than pcp and the transfer of Western Australia customers per above.

The number of active online customers for the 12-month period to 31 June 2021 is 2.6% lower than pcp mainly from lower large jackpot activity and lower aggregate value, with the average large jackpot value 20.7% lower than pcp, per above.

The underlying business remains strong as evidenced by an increase in TTV and Revenue notwithstanding the lower large jackpot activity and the following Moving Annual Total (MAT):

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

<sup>1</sup> Excludes contribution from Western Australia customers transitioned to Lotterywest's white-labelled PBJ platform

Revenue increased by \$6,597,000 or 9.6% to \$75,083,000 (2020: \$68,486,000) and by \$10,517,000 or 17.1% on an underlying basis, with the Revenue margin slightly higher at 20.5% (2020: 20.2%).

The signing of the Tabcorp Agreement provides the Group with greater certainty over a longer period albeit at reduced returns following the introduction of a service fee effective from 13 July 2020. The service fee is based on the cost of ticket purchases from Tabcorp at 1.5% for FY21 purchases, 2.5% for FY2022 purchases, 3.5% for FY2023 purchases and 4.65% for FY2024 onward purchases. A software licence fee of 7.5% of TTV has been implemented in this period reflecting an inter-segment payment to the SaaS segment in respect of licencing of the PBJ software platform and use of the data analytics used by the Lottery Retailing segment.

The single largest expense is Marketing of \$5,364,000 which is mainly customer acquisition costs of \$5,010,000 (2020: \$5,001,000) and tends to fluctuate in line with TTV/Revenue, followed by Employee benefits expenses \$2,843,000 in respect of 42 staff employed in the segment of which the majority are digital marketing and customer support staff.

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

Jumbo's SaaS segment licences the Jumbo lottery software platform, Powered By Jumbo (**PBJ**) to several customers nationally, including to ozlotteries.com, and develops, improves and maintains the Jumbo proprietary platform. Support services in the USA relating to efforts to enter this market are included in this business. The business also licences other non-lottery proprietary software that it develops, improves and maintains (currently only a payroll software platform and website at [www.lightningpayroll.com.au](http://www.lightningpayroll.com.au)).

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 client) as (i) PBJ has been customised for this customer over many years at a significant investment compared to other customers who have received/receive an adapted version of PBJ at a much lower investment and (ii) the customer has a significantly higher usage of other services such as data analytics.

	FY2021 \$'000	FY2020 \$'000	Variance %
TTV - third party	\$104,844	\$8,703	>100
Revenue	\$32,060	\$1,162	>100
– external	\$4,938	\$1,162	>100
– internal	\$27,122	-	
Gross profit	\$31,926	\$1,162	>100
Operating expenses	(\$9,972)	n/a	
EBITDA	\$21,954	n/a	
Revenue / TTV - external	4.7%	13.4%	(8.7ppt)
Gross profit / Revenue	99.6%	100.0%	(0.4ppt)
Opex / Revenue	31.1%	n/a	
EBITDA / Revenue	68.5%	n/a	

The financial year period has seen the scaling up of this segment with all three SaaS charity clients previously signed-up fully operational in the FY2021 financial year period. A new agreement was signed with Lotterywest that involved transferring Jumbo's Western Australia customers to Lotterywest and providing them with a white-label website for these customers that went live on 21 December 2020.

On 26 November 2020 Jumbo was granted a remote gambling software licence by the UK Gambling Commission. Following the grant of this licence an agreement was signed with St Helena Hospice UK on 23 December 2020, to provide it with the PBJ online software platform. The launch of this service later in 2021 is expected to be a catalyst for further UK-based SaaS agreements.

External TTV through the PBJ platform has increased by \$96,141,000 to \$104,844,000 from \$8,703,000 leading to an increase in external Revenue of \$3,775,000 to \$4,938,000 from \$1,163,000, in the pcp. The external TTV annual run-rate based on Q4FY21 is -\$132,185,000.

Employee benefits is the single largest expense at \$6,455,000 with 81 staff in this segment which are mainly software engineers.

### 6.3 Managed Services

Jumbo'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 PBJ lottery software platform provided by the SaaS segment to licensed charities in Australia and the UK. The business operates as Jumbo Fundraising (**JF**) in Australia and as Gatherwell Ltd as an External Lottery Manager (**ELM**) in the UK.

	FY2021 \$'000	FY2020 <sup>1</sup> \$'000	Variance %
TTV	16,693	7,715	>100
Revenue	3,298	1,520	>100
Gross profit	2,945	1,331	>100
Operating expenses	(2,031)	(912)	>100
EBITDA	914	419	>100
Revenue / TTV - external	19.8%	19.7%	0.1ppt
Gross profit / Revenue	89.3%	87.6%	1.7ppt
Opex / Revenue	61.6%	60.0%	1.6ppt
EBITDA / Revenue	27.7%	27.6%	0.1ppt

<sup>1</sup> for the -7-month period for Gatherwell since acquisition 29 November 2019

JF provides a comprehensive lottery management service that includes prize procurement, lottery game design, campaign marketing, and customer relationship and draw management. 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 business to form a complete 'lottery-in-a-box' service to charities of all sizes.

Ticket sales are generated from the Charities' existing list of supporters via a marketing program managed by JF. Sales are further supported by ozlotteries.com in the Lottery Retailing business segment.

JF signed its first two charity customers, Paralympics Australia and St John Ambulance (VIC) in February 2021, which both went live in May and June 2021 respectively and made a nominal contribution to TTV and revenue for FY2021.

The Gatherwell business in the UK operates as an External Lottery Manager (ELM) with 15 staff and provides lottery manager services to 108 brands (charities) (2020: 78) supporting 9,297 good causes (2020: 7,012). It was acquired on 29 November 2019 and as such the pcp is for 7 months. A comparison of the financial year periods on a 12-month like-for-like basis, which includes 5 months of pre-acquisition results for 30 June 2020, is as follows:

GBP £'000s	FY2021 £'000	FY2020 £'000s	Change £'000	Variance %
TTV	9,310	6,650	2,660	40.0
Revenue	1,840	1,298	542	42.0
EBITDA	663	298	365	>100

## 6.4 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.

	FY2021 \$'000	FY2021 \$'000	Variance %
Operating expenses	(6,358)	(4,204)	51.2

The main increase in expense was consulting and legal costs by \$1,166,000 for one-off expenses relating to the Tabcorp 10-year agreement and Stride Management Inc., Canada acquisition. Insurance expenses increased by \$510,000 with increased cover and premiums and share-based payments increased \$462,000 with grant of LTIs.

## 6.5 Reconciliation of statutory EBITDA

	FY2021 \$'000
Lottery Retailing EBITDA	30,380
SaaS EBITDA	21,954
Managed Services EBITDA	914
Reconciling items	(6,358)
Other revenue - Group	386
Group EBITDA	42,276

## 7. Financial position

The net assets of the Group have increased by \$6,407,000 from 30 June 2020 to \$85,326,000. The Group's working capital, being current assets less current liabilities, has decreased from \$52,434,000 in 2020 to \$45,271,000 in 2021 mainly as a result of decreased cash and cash equivalents of \$9,120,000 following a \$15,000,000 payment of the Tabcorp extension fee and a reduction on customer account balances of \$1,679,000. Non-current assets increased by \$11,734,000 to \$45,254,000 due mainly to (i) an increase from the capitalisation of the Tabcorp extension fee, (ii) a decrease with a change in the deferred consideration from the Gatherwell acquisition from non-current to current, and (iii) the investment in the software platform.

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

## 8. Significant changes in State of Affairs

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

	30 June 2021
	\$'000
<b>Decrease in cash of \$9,120,000 resulting from:</b>	
– Cash provided by operating activities	35,586
– Cash used in investing activities-mainly website development costs (intangibles)	(6,958)
– Tabcorp Agreement extension fee	(15,000)
– Cash raised from the issue of shares	88
– Payment of lease liabilities in financing activities	(978)
– Dividends paid	(21,857)
See Statement of Cash Flow for details	(9,120)
<b>Increase in non-current assets of \$11,734,000 resulting from:</b>	
– Investment in website development costs net of amortisation	1,228
– Capitalised Tabcorp Agreement extension fee net of amortisation	13,625
– Change in the contingent consideration in Escrow	(1,761)
– Changes in other non-current assets – see Statement of Financial Position	(1,358)
	11,734
<b>Decrease in non-current liabilities of \$1,836,000 resulting from:</b>	
– Contingent consideration re-classified to current liabilities	(1,581)
– Changes in other non-current liabilities – see Statement of Financial Position	(255)
	(1,836)



# Remuneration Report – Audited

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## Message from the Chair of the People and Culture Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for Jumbo Interactive Ltd as the new Chair of the People and Culture Committee. This report covers the remuneration arrangements and outcomes for the 2021 financial year.

During FY21 the Group embarked upon a new strategy to build growth and resilience in the business creating three operating segments; Lottery Retailing, SaaS and Managed Services, enabling scope for expansion of operations nationally and internationally. The strategy delivered strong performance during the year with growth in Lottery Retail, expansion of SaaS and Managed Services in Australia, together with a successful transition of Lotterywest to the PBJ platform and Gatherwell to the Jumbo Group. The flexibility and collaboration demonstrated by all members of the Jumbo team during a year where the effects of COVID-19 continue to impact, are a testament to the commitment of the staff and strong team culture at Jumbo. In recognition of the critical importance we place on our people and culture at Jumbo, the Board reviewed and realigned the scope of the Nomination & Remuneration Committee renaming it the People and Culture Committee to reflect and give effect to our core values underpinning the Group's vision, culture and overall philosophy.

The newly formed People and Culture Committee (**PCC**) maintains an important role on behalf of the Board in relation to remuneration practices and strategy, but has a broader remit including diversity and inclusion, gender equality and employee engagement and culture. The PCC has responsibility for monitoring and review of the People and Culture Strategy and reporting and assessment in accordance with the Sustainability and Corporate Social Responsibility Policy that is being developed. Key areas of focus for the Committee in the immediate future are the maintenance of a strong Jumbo culture, especially in a distributed workforce model and international expansion, and further improvements to our corporate social responsibility frameworks and implementation. The Committee is constituted of three (3) Non-Executive Directors. In addition to the Committee members, Committee meetings also include the CEO, Head of People and Culture and Company Secretary. The PCC Charter is available on the Company website at [https://www.jumbointeractive.com/people\\_and\\_culture\\_committee.pdf](https://www.jumbointeractive.com/people_and_culture_committee.pdf).

You will have read earlier in this Report that in August 2020, Jumbo formalised the extension of its relationship with Tabcorp via a long-term reseller agreement spanning 10 years to 25 August 2030. This follows on from several reseller agreements with Tabcorp which have been for 5-year terms since the business was acquired in 2005. This agreement aligns with our strategic vision and provides a unique opportunity to grow the Lottery Retailing business segment. Accounting for ~90% revenue in FY21, the Tabcorp agreement will provide Jumbo with the ability to continue growing lottery sales in Australia over the long-term which is necessary to also grow the SaaS and Managed Services business segments. To acknowledge and reward our Executive KMP for achieving this significant milestone, a special long-term incentive was approved by the Board and will be submitted for shareholder approval at the AGM. The mechanics of the additional incentive are the same as our current LTI Plan, which links the vesting of the incentive to future shareholder growth. This aligns the compensation of our Executive KMP by ensuring that the Tabcorp Agreement creates additional value to our shareholders.

A component of the FY21 short-term incentive metrics required Executive KMP to achieve an international agreement (reseller or SaaS). Whilst significant efforts were made throughout FY21 to progress the acquisition of Stride, an agreement was not entered into within the performance period. As a result, the Board exercised its judgement and discretion that no payment would be made for that component. As the remaining measures for the non-financial components of the STI were achieved, the Board approved 62.5% of the maximum opportunity available.

An important focus for FY22 will be ensuring our remuneration framework, which was established in 2019 for a three-year cycle, is effective for attracting and retaining staff as well as fostering a culture and behaviours that supports the growth strategy of the business both domestically and internationally. As part of the review, we will continue to engage with shareholders, regulators, and proxy advisers and consider advice from an external advisor to provide independent advice in relation to the proposed structure and quantum of Executive KMP remuneration, including benchmarking information and market data.

I look forward to presenting our remuneration report to you at the Jumbo Annual General Meeting to be held on 28 October 2021.



**Sharon A Christensen**  
Chair of People and Culture Committee

# Remuneration Report for FY2021

The directors present the Jumbo Interactive Limited Remuneration Report for Key Management Personnel (**KMP**) for the year ended 30 June 2021. This report outlines key aspects of our remuneration policy and framework adopted in FY2020, remuneration awarded this financial year, and demonstrates the strong alignment between executive remuneration practices and the Group's performance outcomes.

The information in this Report has been audited.

## 1. Who is covered by this Report

This Report outlines the remuneration arrangements in place for KMP of the Group in FY21, 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 Chair of Board of Directors	Effective 7 September 2020
Giovanni Rizzo	Non-Executive Director	Full year
Sharon Christensen	Non-Executive Director	Full year
Bill Lyne <sup>1</sup>	Non-Executive Director	Ceased 31 March 2021
David Barwick	Non-Executive Director	Ceased 29 October 2020
<b>Executive KMP</b>		
Mike Veverka	Chief Executive Officer and Executive Director	Full year
David Todd	Chief Financial Officer	Full year
Xavier Bergade	Chief Technology Officer	Full year
Brad Board	Chief Operating Officer	Full year

<sup>1</sup> Also ceased as Company Secretary 1 January 2021

We are pleased to welcome Richard Bateson as Chief Commercial Officer, a new role that forms part of the Executive KMP team reporting to CEO and Founder, Mike Veverka. Serving as an International Lottery Advisor to Jumbo since March 2020, Richard assumed the new role on 1 July 2021. As Chief Commercial Officer, Mr Bateson will oversee Jumbo's business operations outside of Australia.

## 2. Remuneration governance

The executive remuneration governance 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.

### 2.1 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.

## 2.2 People and Culture Committee

The People and Culture Committee 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, Head of People and Culture and the Company Secretary.

The Committee makes recommendations for Board approval in relation to the Company's remuneration strategy and is responsible for the following:

- Review and monitor the remuneration framework for Directors, including the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
- Review and monitor the remuneration framework for executives and senior managers, including fixed remuneration and incentive compensation;
- Assess the market and where necessary seek external advice to ensure that executives and senior managers are being rewarded with remuneration packages commensurate with their responsibilities, and make recommendations to the Board on an incentive scheme and any proposed increases;
- Review annually the outcomes of short-term objectives with the aim of rewarding individuals fairly and equitably, and in line with company performance;
- Review the progress against long-term performance targets and make recommendations on equity allocations;
- Review and make recommendations to the Board on the Company's superannuation arrangements for Directors, executives, senior managers and other employees; and
- Review and monitor professional indemnity and liability insurance for Directors and senior management.

For further details of the composition and responsibilities of the People and Culture Committee (including a copy of the Committee's Charter), please refer to the Corporate Governance section on our website ([https://www.jumbointeractive.com/people\\_and\\_culture\\_committee.pdf](https://www.jumbointeractive.com/people_and_culture_committee.pdf)).

## 2.3 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.

## 2.4 External and independent advice

The PCC engages independent remuneration advisors 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.

In FY21, the Board undertook a review of Non-Executive Directors' fees, having regard to market data provided by independent remuneration advisor, Crichton + Associates. The Board fees for FY21 were set having regard to the significant workload of directors following the departure of Non-Executive Directors during the period, in light of the international expansion of the Group into new markets, and in order to support the attraction and retention of high calibre Non-Executive Directors.

Advice from Crichton + Associates recommended to increase the level of Board fees for Non-Executive Directors by \$25,000 per annum. The Board was satisfied that the remuneration recommendation was made free from undue influence by members of the Board to whom the recommendation relates. As a result, the recommendation was approved by the Board of Directors effective 1 April 2021. This increase in Board fees is within the limits of the aggregate pool of fees.

No further external advice was sought during the period. The total cost relating to external and independent advice from Crichton + Associates is \$4,465.

## 2.5 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 People and Culture Committee.

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

<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

## 2.6 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	
	2021 \$	2020 \$
<b>i. Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive director of the Company, rented an office from the Group.</b>		
office rent received	9,956	8,580
amounts owing to Group at year end	1,165	787
<b>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.</b>		
Salary and superannuation	86,505	86,505

## 3. Executive Remuneration Framework linked to performance

The Executive Remuneration Framework operates over a three-year cycle, commencing from 1 July 2019 and concluding 30 June 2022. 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.

### 3.1 Principles



Clearly articulate the remuneration approach and outcomes so they are easy to understand and more transparent to shareholders



Strengthen alignment of remuneration with our strategic vision, with its unique challenges and opportunities, to create long-term shareholder value



Attract, motivate and retain the talent that we require to succeed in the long-term



Create a total remuneration opportunity that ensures strategic decisions are focused on delivering long-term value



### 3.2 Remuneration Framework – overview

The Executive Remuneration Framework is designed to align KMP short and long term objectives with shareholder and business objectives 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.

The Total Remuneration Opportunity (**TRO**) comprises fixed remuneration and incentives. The remuneration framework for Executive KMP comprises four components:

- 50% is paid as a fixed remuneration not 'at risk' that comprises a base salary and superannuation;
- 25% is payable as a Short-term Incentive (**STI**) 'at risk' component awarded on the achievement of performance conditions over a 12-month period that comprises a 50% cash component and a 50% component deferred for 2 years into a restricted equity component with a formal claw-back mechanism;
- 25% is payable as a Long-term Incentive (**LTI**) 'at risk' component awarded on the achievement of a performance condition over a three-year period that comprises a 100% restricted equity component with a formal claw-back mechanism; and
- Minimum shareholding requirement (**MSR**) comprising holding fully paid ordinary shares in the company to the value of 100% of the TRO within five years of falling under the remuneration framework.



### 3.3 Remuneration Framework – further detail on key components

Remuneration element	Description	Approach and rationale
Fixed remuneration	Comprising base salary, and statutory superannuation.	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.  Considered in the context of the total remuneration package payable to an Executive to ensure that the entire remuneration package is fair and competitive.

#### Short-term incentive (STI)

- The STI is a maximum of 25% of TRO.
- Achievement of STI is measured 50% as to financial objectives and 50% on operational objectives.
- 50% of the total STI is payable as a cash and the remaining 50% is deferred in share rights for two years.
- 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 period, with sale of shares restricted for a further 12 months.
- Executives will have entitlement to dividends and voting rights during their 12-month lock-up period.

#### Performance Metrics

The STI metrics align with our strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.

	Metric	Target	Weighting
<b>Financial (50%)</b>	Underlying NPAT <sup>1</sup>	Incremental scale of a minimum 6% increase in NPAT (representing 10% of STI financial award) to 20% and above increase in NPAT (representing 100% of STI financial award)	50%
<b>Non-Financial (50%)</b>	International agreements (reseller or SaaS)	TTV\$100m/Revenue \$3m	15%
	Domestic agreement (reseller)	TTV\$100m/Revenue \$3m	12.5%
	Lotterywest white-label agreement	Signed agreement by 30 November 2020	12.5%
	ESG Governance improvement	Rating above ESG sector (Consumer Discretionary) average	5%
	Integration of Gatherwell and 'base-case' achievement	100% of earn-out payments to 30 June 2021	5%

<sup>1</sup> statutory NPAT before non-recurring/one-off items, KMP/staff incentives and a like-for-like adjustment for the introduction of the Tabcorp service in FY2021

<b>Setting the annual STI pool</b>	<p>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:</p> <ul style="list-style-type: none"> <li>for every 1% of underlying NPAT growth between 6.0% to 10.0% under-lying NPAT growth over the prior financial year, 0.5% of NPAT will be allocated to the STI pool</li> <li>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</li> <li>total organisational pool size will be capped at 5% of annual NPAT</li> </ul> <p>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 a financial year comes in at 12%, then the executive will receive 60% of their maximum Financial STI potential.</p>
<b>Board discretion</b>	<p>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.</p>
<b>Forfeiture and Termination</b>	<p>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.</p> <p>If an Executive KMP had ceased employment on or after 1 April 2021 up to 30 June 2021 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.</p>
<b>Malus and Clawback</b>	<p>The PCC is responsible for assessing performance against KPIs and determining the STI 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.</p> <p>In the event of serious misconduct or a material misstatement in the Company'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.</p>
<b>Long-term incentive (LTI)</b>	
<p>Each Executive will receive an annual grant of rights to a dollar value equal to 25% of TRO.</p> <p>Rights are exercisable into shares three years after grant and achievement of the price performance hurdle. To qualify, the Jumbo share price must outperform the historical growth rate of the ASX 'total return' All Ordinaries index (XAOA:ASX) in order for the rights award to vest. If the Jumbo share price does not outperform the ASX All Ordinaries growth hurdle set, no vesting occurs even if JIN has outperformed its peers. This is designed to focus executives on delivering sustainable long-term shareholder returns.</p> <p>Jumbo's share price performance hurdle is determined in three steps:</p> <ol style="list-style-type: none"> <li>'Total return' will be based on 15-year average return of the ASX All Ordinaries Total Return index;</li> <li>The 'return' will be multiplied over a 3-year performance period on a compound basis and applied to Jumbo's 90-day VWAP at the effective date;</li> <li>Dividends declared over the three-year performance period will be added to the closing performance price.</li> </ol>	
<b>Forfeiture and Termination</b>	<p>Rights will lapse if the performance hurdle price is 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.</p>
<b>Malus and Clawback</b>	<p>The PCC is responsible for assessing performance against KPIs and determining the 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.</p> <p>In the event of serious misconduct or a material misstatement in the Company'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.</p>

## 4. FY2021 Executive remuneration outcomes

### 4.1 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 wealth. 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.

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
TTV continuing operations (\$'000s)	\$486,981	\$348,601	\$320,659	\$183,146	\$145,322
Net profit after tax – continuing operations (\$'000s)	\$26,959	\$25,883	\$26,420	\$11,753	\$7,597
Net profit after tax – overall operations (\$'000s)	\$26,959	\$25,883	\$26,420	\$12,127	\$5,640
Share price at year end (cps)	1777	958	2015	500	266
Dividends paid per share (cps)	35.0	40.0	34.0	35.5	8.5
Total shareholder return (%)	189.1%	(50.5%)	309.8%	101.3%	111.2%
Earnings per share (cps)	43.2	41.5	43.9	23.4	12.6
Return of capital employed (%)	31.6%	32.8%	34.1%	25.7%	13.1%
Market capitalisation (\$'000s)	\$1,109,714	\$598,020	\$1,251,794	\$271,871	\$134,793

### 4.2 Fixed Remuneration

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

2021	Duration of service agreement	Fixed remuneration as at end of FY2021 <sup>1</sup>
Mike Veverka	Ongoing	\$800,000
David Todd	Ongoing	\$350,000
Xavier Bergade	Ongoing	\$350,000
Brad Board	Ongoing	\$350,000

<sup>1</sup>Fixed remuneration includes base salary plus superannuation at 9.5%

For FY2022, the PCC determined no changes would be made to the fixed remuneration for the executive KMP. It is noted that superannuation increases to 10.0% from 1 July 2021. This increase in superannuation will not increase the fixed remuneration for executives as fixed remuneration consists of statutory superannuation contributions.

### 4.3 Short-term incentive outcomes

The Group's performance in FY2021 was good, delivering a 16.3% increase in underlying NPAT growth while achieving some operational targets that support future growth. As a result of the performance, the Board awarded Executives 62.5% 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. The FY2021 performance against key measures and the impact on variable remuneration are outlined below.

Metric	Target	Performance	Achievement of Target
<b>STI</b>			
Underlying NPAT	6% to 20% and above increase	16.3% increase	80%
International agreements (reseller or SaaS)	\$100m TTV / \$3m Revenue	\$10m TTV / \$400,000 Revenue	13%
Domestic agreements (reseller or SaaS)	\$100m TTV / \$3m Revenue	Nil	0%
Lotterywest white-label agreement	Signed agreement by 30 November 2020	Agreement signed 12 November 2020	100%
Improved ESG governance	Rating above ESG sector average (XDJ – Consumer Discretionary)	Above average ranking of 154/455 Consumer Services Industry	100%
Integration of Gatherwell and 'base case' achievement	100% of earn-out payments to 30 June 2021	100% earn-out achieved	100%

#### 4.3.1 Board discretion

The Board withheld awarding any incentive for the International agreements metric as the 13% achievement of target was not considered a high enough threshold to be considered an 'achievement' which was accepted by Executives.

#### 4.3.2 Awards granted and forfeited in FY2021

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

2021	Total Opportunity \$	Awarded %	Forfeited %
Mike Veverka	400,000	62.5%	37.5%
David Todd	175,000	62.5%	37.5%
Xavier Bergade	175,000	62.5%	37.5%
Brad Board	175,000	62.5%	37.5%

#### 4.3.3 Deferred short-term incentive component

50% of any STI for KMP will be awarded in 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 rights awarded to the CEO under the STI for FY2021 are subject to shareholder approval at the AGM.

The value of STI rights that were awarded relating to the financial period ended 30 June 2021 are as follows:

Grant date <sup>1</sup>	Vesting date	Grant date value <sup>1</sup>
30 June 2021	30 June 2022	\$17.423

<sup>1</sup>Based on the award date 30 June 2021

#### 4.4 Long-term incentive outcomes

The table below shows for each KMP, the value of rights that were granted in FY2021 as part of their TRO.

2021	Total granted \$
Mike Veverka	400,000
David Todd	175,000
Xavier Bergade	175,000
Brad Board	175,000

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 rights awarded to the CEO under the LTI for FY2021 are subject to shareholder approval at the AGM.

A special long-term incentive was awarded by the Board to Executive KMP for their contribution to achieving the 10-year Tabcorp agreement renewal, which was seen as fundamental to Jumbo's long-term success. The number of rights were based on the 90-day VWAP period up to 4 November 2020. The rights are exercisable into shares three years after the grant and achievement of price performance hurdle and provided the executive remains employed by the Group at the vesting date. The right awarded to the CEO under the special LTI are subject to shareholder approval at the AGM. The value of these rights is shown in the table below.

2021	Total granted \$
Mike Veverka	200,000
David Todd	100,000
Xavier Bergade	100,000
Brad Board	100,000

The value of LTI rights that were awarded or granted relating to the financial period ended 30 June 2021 are as follows:

Grant date	Vesting date	Grant date value
29 October 2020	1 July 2023	\$6.254
17 December 2020	4 November 2023	\$7.565

Details of the terms and conditions of STI and LTI rights granted to key management personnel as compensation during the reporting period are as follows:

FY2021	No. rights granted	No. rights vested	Fair value per right at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable
<b>Directors</b>							
Mike Veverka							
LTI rights FY2021	40,201	-	\$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights Tabcorp agreement <sup>1</sup>	16,393	-	\$7.565	-	-	4 Nov 2023	4 Nov 2023
STI rights FY2021 <sup>2</sup>	7,319	-	\$17.423	-	-	30 Jun 2022	30 Jun 2022
	63,913	-					
<b>Other key management personnel</b>							
David Todd							
LTI rights FY2021	17,588	-	\$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights Tabcorp agreement	8,197	-	\$7.565	-	-	4 Nov 2023	4 Nov 2023
STI rights FY2021 <sup>2</sup>	3,202	-	\$17.423	-	-	30 Jun 2022	30 Jun 2022
Xavier Bergade							
LTI rights FY2021	17,588	-	\$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights Tabcorp agreement	8,197	-	\$7.565	-	-	4 Nov 2023	4 Nov 2023
STI rights FY2021 <sup>2</sup>	3,202	-	\$17.423	-	-	30 Jun 2022	30 Jun 2022
Brad Board							
LTI rights FY2021	17,588	-	\$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights Tabcorp agreement	8,197	-	\$7.565	-	-	4 Nov 2023	4 Nov 2023
STI rights FY2021 <sup>2</sup>	3,202	-	\$17.423	-	-	30 Jun 2022	30 Jun 2022
	86,961	-					

<sup>1</sup>subject to shareholder approval at the 2021 AGM

<sup>2</sup> awarded by the Board 30 June 2021 that relates to the service period 1 July 2020 to 30 June 2021 to be granted on the date of the 2021 AGM

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 Tabcorp 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 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 weighted average fair value of rights granted during FY2021 was \$7.445.



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 2021 are as follows:

FY2021	No. rights granted	No. rights vested	Fair value per right at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable
<b>Directors</b>							
Mike Veverka							
LTI rights FY2020	20,202	-	\$17,513	-	-	1 Jul 2023	1 Jul 2022
	20,202	-					
<b>Other key management personnel</b>							
David Todd							
LTI rights FY2020	8,838	-	\$17,513	-	-	1 Jul 2023	1 Jul 2022
Xavier Bergade							
LTI rights FY2020	8,838	-	\$17,513	-	-	1 Jul 2023	1 Jul 2022
Brad Board							
LTI rights FY2020	8,838	-	\$17,513	-	-	1 Jul 2023	1 Jul 2022
	26,514	-					

The rights 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 2022 is equal to or more than \$24.98 less any dividends paid during the term.

#### 4.4.1 Options

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

#### 4.4.2 Equity instruments issued on exercise of remuneration rights

There were no equity instruments issued during the period to key management personnel as a result of rights exercised that had previously been granted as compensation.

#### 4.4.3 Value of rights to key management personnel

There were no rights that were granted and that are exercised during the year to key management personnel as part of their remuneration.

Key management personnel 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 key management personnel are as follows:

##### Options

FY2021	Balance at 1 July 2020	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2021	Vested at 30 June 2021	Total vested and exercisable at 30 June 2021	Total vested and unexercisable at 30 June 2020
Xavier Bergade	600,000	-	-	-	600,000	600,000	600,000	-
	600,000	-	-	-	600,000	600,000	600,000	-

## Rights to deferred shares

FY2021	Balance at 1 July 2020	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2021	Vested at 30 June 2021	Total vested and exercisable at 30 June 2021	Total vested and unexercisable at 30 June 2020
Mike Veverka	30,252	63,913 <sup>1</sup>	-	-	94,165	10,050	10,050	-
David Todd	13,235	28,987 <sup>2</sup>	-	-	42,222	4,397	4,397	-
Xavier Bergade	13,235	28,987 <sup>2</sup>	-	-	42,222	4,397	4,397	-
Brad Board	13,235	28,987 <sup>2</sup>	-	-	42,222	4,397	4,397	-
	69,957	150,874	-	-	220,831	23,241	23,241	-

<sup>1</sup>23,712 rights awarded are subject to shareholder approval at the 2021 AGM

<sup>2</sup>3,202 rights awarded to be granted on the date of the 2021 AGM

5.

## Total Executive remuneration and benefits

2021	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	834,373	125,000	-	25,000	11,081	-	394,928	1,390,382	37.4
David Todd	350,969	54,688	-	25,000	5,279	-	174,208	610,144	37.5
Xavier Bergade	344,421	54,688	-	31,533	12,562	-	202,168	645,372	39.8
Brad Board	369,037	54,688	-	28,030	5,163	-	174,208	631,126	36.3
Total Executive remuneration	1,898,800	289,064	-	109,563	34,085	-	945,512	3,277,024	37.7

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

2020	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	843,254	100,000	-	69,406	109,781	-	179,522	1,301,963	21.5
David Todd	360,456	43,750	-	30,365	7,836	-	82,368	524,775	24.0
Xavier Bergade	354,666	43,750	-	30,365	5,755	-	143,598	578,134	32.4
Brad Board	347,644	43,750	-	30,365	13,840	-	82,368	517,967	24.3
Total Executive remuneration	1,906,020	231,250	-	160,501	137,212	-	487,856	2,922,839	24.6

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

## 6. 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 the Company'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.

### 6.1 Non-Executive Director fees

Non-Executive directors receive a board fee and fees for chairing or participating on board committees per the table below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation.

Board and Committee fees (per annum)	1 July 2020 to 31 March 2021	1 April 2021 to 30 June 2021
Chair of the Board	\$188,000	\$213,000
Non-Executive Directors	\$100,000	\$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 the Company. 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.

### 6.2 Total Non-Executive remuneration and benefits

2021	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 \$		
Susan Forrester <sup>1</sup>	161,125	-	-	15,307	-	-	-	176,432	-
Sharon Christensen	122,955	-	-	795	-	-	-	123,750	-
Giovanni Rizzo	119,863	-	-	11,387	-	-	-	131,250	-
David Barwick <sup>2</sup>	63,318	-	-	6,015	-	-	-	69,333	-
Bill Lyne <sup>3</sup>	84,475	-	-	8,025	-	-	-	92,500	-
Bill Lyne – as Company Secretary <sup>4</sup>	28,259	-	-	-	-	-	-	28,259	-
Total Non-Executive remuneration	579,995	-	-	41,529	-	-	-	621,524	-

<sup>1</sup> Appointed 7 September 2020

<sup>2</sup> Ceased 29 October 2020

<sup>3</sup> Ceased 31 March 2021

<sup>4</sup> Ceased 1 January 2021

2020	Short term employee benefits			Post employment benefits	Long term benefits		Equity-settled share based payments		
	Cash salary, fees and annual leave \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination benefits \$	Options and Rights \$	Total \$	Proportion of remuneration that is performance based %
Sharon Christensen <sup>1</sup>	82,192	-	-	7,808	-	-	-	90,000	-
Giovanni Rizzo	114,115	-	-	10,845	-	-	-	125,000	-
David Barwick	189,954	-	-	18,046	-	-	-	208,000	-
Bill Lyne	114,115	-	-	10,845	-	-	-	125,000	-
Bill Lyne – as Company Secretary	30,412	-	-	-	-	-	-	30,412	-
Total Non-Executive remuneration	530,788	-	-	47,544	-	-	-	578,412	-

<sup>1</sup> Appointed 1 September 2019

## KMP shareholdings

FY2021	Balance at 1 July 2020	Granted as remuneration during the year	Issued on exercise of options during the year <sup>1</sup>	Other changes during the year	Balance at 30 June 2021
<b>Directors</b>					
Mike Veverka	9,515,729	-	-	-	9,515,729
Susan Forrester	-	-	-	20,000	20,000
Sharon Christensen	2,050	-	-	1,500	3,550
Giovanni Rizzo	2,000	-	-	-	2,000
David Barwick	3,000	-	-	(3,000) <sup>1</sup>	-
Bill Lyne	2,000	-	-	(2,000) <sup>1</sup>	-
<b>Other key management personnel</b>					
David Todd	50,000	-	-	-	50,000
Xavier Bergade	150,000	-	-	-	150,000
Brad Board	10,000	-	-	-	10,000
	9,736,779	-	-	21,500	9,753,279

<sup>1</sup> change due to retirement as a Director



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**DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED**

As lead auditor of Jumbo Interactive Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 period.

A handwritten signature in black ink, appearing to read 'K L Colyer', is written over a faint, circular, light-grey watermark that contains the text 'For personal use only'.

K L Colyer  
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2021

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# 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 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from operations	2	83,319	71,168
Cost of sales	3	(8,339)	(5,326)
Gross profit		74,980	65,842
Other revenue/income	2	570	1,318
Distribution expenses		(20)	(31)
Marketing costs		(5,698)	(5,578)
Occupancy expenses	3	(93)	(104)
Administrative expenses	3	(30,306)	(23,624)
Fair value movement on financial liabilities	18(d)	(177)	(176)
Finance costs		(202)	(222)
Profit before income tax expense		39,054	37,425
Income tax expense	4	(12,095)	(11,542)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		26,959	25,883
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		249	(676)
Other comprehensive income for the year, net of tax		249	(676)
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited		27,208	25,207

<b>Earnings Per Share (cents per share)</b>		cents	cents
Basic earnings per share (cents per share)	5	43.2	41.5
Diluted earnings per share (cents per share)	5	42.8	41.1

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	63,139	72,259
Trade and other receivables	7	3,557	1,961
Inventories		16	31
Other current assets	18(d)	1,807	1,757
<b>TOTAL CURRENT ASSETS</b>		<b>68,519</b>	<b>76,008</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	396	485
Intangible assets	9	39,480	24,824
Right-of-use assets	10	3,831	5,185
Deferred tax assets	4	1,547	1,265
Other non-current assets	18(d)	-	1,761
<b>TOTAL NON-CURRENT ASSETS</b>		<b>45,254</b>	<b>33,520</b>
<b>TOTAL ASSETS</b>		<b>113,773</b>	<b>109,528</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	19,296	19,060
Lease liabilities	13	1,013	990
Current tax liabilities	4	433	1,235
Contingent consideration at fair value	18(d)	1,807	1,757
Employee benefit obligations	12	699	532
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,248</b>	<b>23,574</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	13	3,120	4,395
Employee benefit obligations	12	605	668
Make good provision		22	47
Contingent consideration at fair value	18(d)	-	1,581
Deferred tax liabilities	4	1,452	344
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,199</b>	<b>7,035</b>
<b>TOTAL LIABILITIES</b>		<b>28,447</b>	<b>30,609</b>
<b>NET ASSETS</b>		<b>85,326</b>	<b>78,919</b>
<b>EQUITY</b>			
Contributed equity	16	80,177	80,089
Accumulated losses		(17,399)	(17,399)
Profits Appropriation Reserve		21,129	16,027
Reserves		1,419	202
<b>TOTAL EQUITY</b>		<b>85,326</b>	<b>78,919</b>

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

Jumbo Interactive Limited and its Controlled Subsidiaries

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

Consolidated group	Contributed equity \$'000	Accumulated losses \$'000	Profits appropriation reserve \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets at fair value through other comprehensive income reserve \$'000	Total equity \$'000
Balance at 1 July 2019	79,302	(17,399)	15,103	2,753	(79)	(2,302)	77,378
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	25,883	-	-	-	23,833
Other comprehensive income, net of tax	-	-	-	-	(676)	-	(676)
Total comprehensive income for the year	-	-	25,833	-	(676)	-	25,207
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (Note 16(a))	787	-	-	-	-	-	787
Dividends paid (Note 15)	-	-	(24,959)	-	-	-	(24,959)
Share-based payments (Noted 25)	-	-	-	506	-	-	506
Total transactions with owners in their capacity as owners	787	-	(24,959)	506	-	-	(23,666)
<b>Balance at 30 June 2020</b>	80,089	(17,399)	16,027	3,259	(755)	(2,302)	78,919
Total comprehensive income for the year							
Profit for the year	-	-	26,959	-	-	-	26,959
Other comprehensive income, net of tax	-	-	-	-	249	-	249
Total comprehensive income for the year	-	-	26,959	-	249	-	27,208
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (Note 16(a))	88	-	-	-	-	-	88
Dividends paid (Note 15)	-	-	(21,857)	-	-	-	(21,857)
Share-based payments (Note 25)	-	-	-	968	-	-	968
Total transactions with owners in their capacity as owners	88	-	(21,857)	968	-	-	(20,801)
<b>Balance at 30 June 2021</b>	80,177	(17,399)	21,129	4,227	(506)	(2,302)	85,326

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		93,582	76,690
Payments to suppliers and employees		(46,378)	(37,632)
Interest received		185	976
Interest and other costs of finance paid		(35)	(17)
Interest on lease liabilities		(167)	(205)
Income tax received		-	22
Income tax paid		(12,071)	(11,592)
Net cash inflows from operating activities	6(b)	35,116	28,242
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	8	(96)	(243)
Payment for Tabcorp extension fee intangible asset	9(a)	(15,000)	-
Payments for other intangibles	9(a)	(6,408)	(6,454)
Payment for purchase of business net of cash acquired		-	(4,996)
Payment of deposit for contingent consideration		-	(3,792)
Proceeds from sale of assets	8	14	-
Net cash (outflows) from investing activities		(21,490)	(15,485)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	16	88	787
Payment of lease liabilities		(978)	(903)
Dividends paid	15	(21,857)	(24,959)
Net cash (outflows) from financing activities		(22,747)	(25,075)
Net (decrease) in cash and cash equivalents		(9,121)	(12,318)
Net foreign exchange differences		1	(6)
Cash and cash equivalents at beginning of year		72,259	84,583
Cash and cash equivalents at end of year	6(a)	63,139	72,259

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 2021

### 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 26 August 2021. 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 Accounting 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 2020.

### 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
Estimated useful life of website development costs	9	98
Goodwill and other intangible assets	9	98
Lease liabilities	13	107
Contingent consideration at fair value	18(d)	115

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. Levels of customer activity and mixed large jackpot activity (see Directors' Report for details).
2. Full 12-month results included in the Group from Gatherwell Limited UK which was acquired for cash on 29 November 2019 (see Operating and Financial Review for details).
3. Payment of dividends (see Directors' Report and Note 15: Dividends for details).
4. Payment of the Tabcorp extension fee (see Note 9: Intangible Assets).

# 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.

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## Note 1: Segment reporting

From 1 July 2020, the Group changed its internal organisational structure in a manner that caused the composition of its reportable operating segments to change. Due to the change in the new reporting structure, comparatives for 2020 below the Gross Profit line are not available due to the excessive time and cost to provide the information. Further, segment information for the current period on the old basis of segmentation is not available due to cost to develop it would be excessive.

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 on an international basis.

#### Managed Services

Provision of SaaS related services for authorised businesses, charities and governments (B2B) in the lottery market on an international basis. This includes Gatherwell UK, a 'lottery-in-a-box' providing lottery management services using a proprietary lottery software platform to society lotteries in the UK.

#### Intersegment eliminations

The SaaS segment licences the lottery software platform to the Lottery Retailing segment on a licence fee of 7.5% of 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:

2021	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
Total segment sales revenue from external customers	75,083	4,938	3,298	-	83,319
Intersegment sales revenue	-	27,122	-	(27,122)	-
<b>Total segment sales revenue</b>	<b>75,083</b>	<b>32,060</b>	<b>3,298</b>	<b>(27,122)</b>	<b>83,319</b>
Cost of Sales	(34,974)	(134)	(353)	27,122	(8,339)
Gross Profit	40,109	31,926	2,945	-	74,980
Finance costs	-	-	(11)	-	(11)
Employee benefits expense	(2,843)	(6,455)	(1,487)	-	(10,785)
Directors' remuneration	(8)	-	-	-	(8)
Consultancy and legal expenses	(50)	(528)	(35)	-	(613)
Marketing expenses	(5,364)	(247)	(75)	-	(5,686)
Corporate expenses	(1)	-	(62)	-	(63)
Technology expenses	(114)	(1,407)	(97)	-	(1,618)
Office expenses	(139)	(188)	(54)	-	(381)
Other expenses	(1,210)	(1,147)	(210)	-	(2,567)
Operating expenses	(9,729)	(9,972)	(2,031)	-	(21,732)
<b>EBITDA</b>	<b>30,380</b>	<b>21,954</b>	<b>914</b>	<b>-</b>	<b>53,248</b>
<b>Reconciliation to Statutory Consolidated results</b>					
<b>Total segments revenue</b>					83,319
<b>Consolidated Revenue (see note 2)</b>					<b>83,319</b>
<b>Total segment EBITDA</b>					<b>53,248</b>
<i>Other reconciling items (Corporate)</i>					
Finance costs					(24)
Employee benefits expense					(1,270)
Share-based payments					(968)
Directors' remuneration					(593)
Consultancy and legal expenses					(1,531)
Marketing expenses					(13)
Corporate expenses					(571)
Other expenses					(1,211)
Fair value movement on financial liabilities					(177)
Total other reconciling items					(6,358)
Consolidated operating profit					46,890
Other revenue					386
Consolidated EBITDA					47,276

2021	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
Depreciation and amortisation					(8,239)
Consolidated EBIT					39,037
Net interest - revenue					17
Consolidated Net profit before tax					39,054
Income tax expense					(12,095)
<b>Consolidated Net profit after tax (see Profit or Loss)</b>					<b>26,959</b>

The available segment information for the new operative segments for the comparative financial year is as follows:

2020	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
Total segments sales revenue from external customers	68,486	1,162	1,520	-	71,168
Intersegment sales revenue	-	-	-	-	-
<b>Total segment sales revenue</b>	68,486	1,162	1,520	-	71,168
Cost of Sales	(5,130)	(7)	(189)	-	(5,326)
Gross Profit	63,356	1,155	1,331	-	65,842

## (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 from external customers	Consolidated Group	
	2021 \$'000	2020 \$'000
Australia (domicile)	76,049	65,790
United Kingdom	3,265	1,563
Fiji	1,016	1,467
Other	3,559	3,666
	83,889	72,486

Non-current assets in Australia are \$43,701,000 (2020: \$25,295,000). Non-current assets in other countries are (i) UK \$3,000 (2020: \$8,000) and (ii) Fiji \$2,000 (2019: \$6,000).

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.

No single external customer derives more than 10% of total revenues.

## 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	
	2021 \$'000	2020 \$'000
<i>Sales revenue</i>		
– Revenue from sale of goods (i)	1,637	2,183
– Revenue from rendering of services (i)	81,682	68,985
Total sales revenue	83,319	71,168
<i>Other revenue/income</i>		
– Interest	185	976
Other income		
– Foreign exchange gains	264	291
– Other	121	51
Total other revenue/income	570	1,318
	83,889	72,486

(i) the Consolidated Entity derives revenue from the transfer of goods and services at a point-in-time.

### 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.

2021	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
<b>Main geographic markets</b>					
Australia (domicile)	70,508	32,060	33	(27,122)	75,479
United Kingdom	-	-	3,265	-	3,265
Fiji	1,016	-	-	-	1,016
Other	3,559	-	-	-	3,559
	<b>75,083</b>	<b>32,060</b>	<b>3,298</b>	<b>(27,122)</b>	<b>83,319</b>
<b>Customer type</b>					
B2C	75,083	-	-	-	75,083
B2B	-	30,648	3,298	(27,122)	6,824
B2G	-	1,412	-	-	1,412
	<b>75,083</b>	<b>32,060</b>	<b>3,298</b>	<b>(27,122)</b>	<b>83,319</b>
<b>Main products and services</b>					
Draw lottery games	68,153	-	-	-	68,153
Charity lottery games	3,088	-	-	-	3,088
Instant win games	755	-	-	-	755
Software licencing fees	-	32,060	-	(27,122)	4,938
Lottery management services	-	-	3,298	-	3,298
Miscellaneous	3,087	-	-	-	3,087
	<b>75,083</b>	<b>32,060</b>	<b>3,298</b>	<b>(27,122)</b>	<b>83,319</b>
Other revenue/income					570
<b>External revenue and other income as reported in note 2 above</b>					<b>83,889</b>

2020	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
<b>Main geographic markets</b>					
Australia (domicile)	63,352	1,162	-	-	64,514
United Kingdom	-	-	1,520	-	1,520
Fiji	1,467	-	-	-	1,467
Other	3,667	-	-	-	3,667
	<b>68,486</b>	<b>1,162</b>	<b>1,520</b>	<b>-</b>	<b>71,168</b>
<b>Customer type</b>					
B2C	68,486	-	-	-	68,486
B2B	-	1,162	1,520	-	2,682
B2G	-	-	-	-	-
	<b>68,486</b>	<b>1,162</b>	<b>1,520</b>	<b>-</b>	<b>71,168</b>
<b>Main products and services</b>					
Draw lottery games	64,112	-	-	-	64,112
Charity lottery games	3,093	-	-	-	3,093
Instant win games	1,122	-	-	-	1,122
Software licencing fees	-	1,162	-	-	1,162
Lottery management services	-	-	1,520	-	1,520
Miscellaneous	159	-	-	-	159
	<b>68,486</b>	<b>1,162</b>	<b>1,520</b>	<b>-</b>	<b>71,168</b>
Other revenue/income					1,318
<b>External revenue and other income as reported in note 2 above</b>					<b>72,486</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 Tabcorp 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 UK using their proprietary lottery software platform to provide 'lottery-in-a-box' lottery management services to society lotteries in the UK. 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.



## Dividends

Dividends are recognised as revenue when the Group's right to receive payment is established. Dividends received in the entity's separate financial statements that are paid out of pre-acquisition profits of a subsidiary, associate or joint venture are recognised as revenue when the entity's right to receive payment is established.

## Note 3: Expenses

Profit before income tax includes the following specific expenses:

	Consolidated Group	
	2021 \$'000	2020 \$'000
<b>Cost of sales</b>		
– Sale of goods	536	806
– Rendering of services	7,803	4,520
<i>Total cost of sales</i>	8,339	5,326
<b>Administration expenses</b>		
Depreciation of non-current assets		
– Plant and equipment	135	160
Amortisation of non-current assets		
– Leasehold improvements	36	59
– Intangibles	6,986	4,664
– Right-of-use assets	1,082	1,103
Total depreciation and amortisation	8,239	5,986
Other administration expenses		
– Employee benefit expense	10,647	9,744
– Share-based payments	968	506
– Defined contribution superannuation expense	1,409	1,238
– Other administration expenses	9,043	6,150
<i>Total administrative expenses</i>	30,306	23,624
<b>Occupancy expenses</b>		
– Short-term lease rentals minimum lease payments	93	104
Fair value movement on financial liabilities	177	176

## Note 4: Income tax

### Current tax

Current	Consolidated	
	2021 \$'000	2020 \$'000
Income tax liability	433	1,235

### (a) Income tax expense

		Consolidated	
	Note	2021 \$'000	2020 \$'000
<i>The components of tax expense comprise:</i>			
– Current tax		11,049	11,397
– Deferred tax	4(b)	825	(6)
– Overprovision of tax in prior years		1	(4)
– Current tax relating to overseas operations		220	155
Total income tax expense in profit or loss		12,095	11,542
<i>Reconciliation</i>			
Profit before income tax expense		39,054	37,425
– Tax at the Australian tax rate 30% (2020:30%)		11,716	11,227
– Income tax effect of overseas tax rates		(143)	33
– Share options expensed during year		290	152
– Other		232	130
Total income tax expense in profit or loss		12,095	11,542

### (b) Deferred tax

Deferred tax liabilities (DTL)	Opening balance \$'000	Charged to Profit or Loss \$'000	Closing balance \$'000
Deferred tax liabilities comprise temporary difference recognised in the profit or loss as follows:			
Intangible assets			
– Amortisation	-	282	282
Accruals	77	(15)	62
Other	-	-	-
<b>Balance at 30 June 2020</b>	<b>77</b>	<b>267</b>	<b>344</b>
Intangible assets			
– Amortisation	282	1,122	1,404
Accruals	62	(14)	48
Other	-	-	-
<b>Balance as at 30 June 2021</b>	<b>344</b>	<b>1,108</b>	<b>1,452</b>

Deferred tax assets (DTA)	Opening balance \$'000	Charged to Profit or Loss \$'000	Closing balance \$'000
Deferred tax assets comprise temporary difference recognised in the profit or loss as follows:			
Property, plant and equipment			
– Depreciation	110	60	170
– Amortisation	14	(14)	-
Accruals	340	(160)	180
Provisions	502	260	762
Other	26	127	153
<b>Balance at 30 June 2020</b>	<b>992</b>	<b>273</b>	<b>1,265</b>
Property, plant and equipment			
– Depreciation	170	13	183
– Amortisation	-	-	-
Accruals	180	188	368
Provision	762	66	828
Other	153	15	168
<b>Balance as at 30 June 2021</b>	<b>1,265</b>	<b>282</b>	<b>1,547</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	
	2021 \$'000	2020 \$'000
Profit attributable to the owners of the Company	26,959	25,883

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

	Consolidated	
	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	62,448,139	62,312,828
Adjustments for calculation of diluted EPS:	621,604	631,472
– Options and rights		
Weighted average number of ordinary shares used as the denominator in calculating diluted EPS	63,069,743	62,944,300

All outstanding options 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	
		2021 \$'000	2020 \$'000
(a) Cash and cash equivalents			
Total cash and cash equivalents		63,139	72,259
Included in the above balance:			
General account balances		53,837	61,278
Online lottery customer account balances	11	9,302	10,981
		63,139	72,259

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

At the review period end 30 June 2021, \$1,066,000 (2020: \$632,000) 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 includes cash on hand, and deposits held 'at call' and with original maturities of three months or less, with financial institutions.

	Consolidated	
	2021 \$'000	2020 \$'000
<b>(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit for the year after income tax	26,959	25,883
<b>Non-cash flows</b>		
Amortisation	8,106	5,826
Depreciation	133	160
Fair value movement on contingent consideration	177	176
Share option expense	968	506

	Consolidated	
	2021 \$'000	2020 \$'000
Net foreign exchange effects - loss/(gain)	15	(33)
<b>Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b>		
Increase in trade receivables	(534)	(14)
Increase in other receivables	(1,062)	(918)
Decrease in inventories	15	-
Increase in DTA	(282)	(273)
Increase/(decrease) in trade payables	444	(5,919)
Increase/(decrease) in other payables	(208)	1,713
Increase in other provisions	79	891
Increase in DTL	1,108	267
Decrease in provision for income tax	(802)	(23)
Cash flow from operations	35,116	28,242

## Note 7: Trade and other receivables

	Consolidated	
	2021 \$'000	2020 \$'000
Trade receivables	845	311
Allowance for doubtful debts	-	-
	845	311
Other receivables	218	160
Prepayments	2,494	1,490
	3,557	1,961

All receivables that are neither past due nor impaired are with long standing clients who have a good credit history with the Group.

### 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 18(b): Financial risk management for details.



## Note 8: Property, plant and equipment

	Consolidated	
	2021 \$'000	2020 \$'000
Plant and equipment – at cost	1,912	1,887
Accumulated depreciation	(1,676)	(1,598)
	236	289
Leasehold improvements – at cost	777	777
Accumulated amortisation	(617)	(581)
	160	196
Total property, plant and equipment	396	485

### Movements in carrying amounts

Consolidated Group	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
<b>2020</b>			
Balance at the beginning of year	311	140	451
Additions	125	115	240
Additions through acquisition	16	-	16
Disposals	(3)	-	(3)
Depreciation/amortisation expense	(160)	(59)	(219)
<b>Carrying amount at the end of year</b>	<b>289</b>	<b>196</b>	<b>485</b>
<b>2021</b>			
Balance at the beginning of year	289	196	485
Additions	96	-	96
Disposals	(14)	-	(14)
Depreciation/amortisation expense	(135)	(36)	(171)
<b>Carrying amount at the end of year</b>	<b>236</b>	<b>160</b>	<b>396</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	
	2021 \$'000	2020 \$'000
Goodwill	10,133	9,957
Accumulated impairment losses	(855)	(855)
<b>Net carrying value</b>	<b>9,278</b>	<b>9,102</b>
Intellectual property	53	53
Accumulated impairments loss	(23)	(23)
<b>Net carrying value</b>	<b>30</b>	<b>30</b>
Website development costs	45,201	38,795
Accumulated amortisation	(30,961)	(25,783)
<b>Net carrying value</b>	<b>14,240</b>	<b>13,012</b>
Customer contracts and relationships costs	1,293	1,258
Accumulated amortisation	(409)	(147)
<b>Net carrying value</b>	<b>884</b>	<b>1,111</b>
Software costs	958	936
Accumulated amortisation	(394)	(227)
<b>Net carrying value</b>	<b>564</b>	<b>709</b>
Tabcorp extension fee	15,000	-
Accumulated amortisation	(1,375)	-
<b>Net carrying value</b>	<b>13,625</b>	<b>-</b>
Domain names – cost	906	904
Accumulated impairment losses	(62)	(62)
<b>Net carrying value</b>	<b>844</b>	<b>842</b>
Other	62	86
Accumulated amortisation	(47)	(68)
<b>Net carrying value</b>	<b>15</b>	<b>18</b>
<b>Total intangibles</b>	<b>39,480</b>	<b>24,824</b>

## Significant judgements and estimates

### Impairment assessment of goodwill and domain names

A key judgement by management with regards to the (i) Lottery Retailing CGU is that the reseller agreements with the Tabcorp Group 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 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 from 1 July 2015 and three years prior to that.

## 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

2020	Goodwill \$'000	Intellectual property \$'000	Website development costs \$'000	Customer contracts and relationships \$'000	Tabcorp extension fee \$'000	Software \$'000	Domain names \$'000	Other \$'000	Total \$'000
Balance at the beginning of the year	2,832	30	10,974	-	-	-	842	5	14,683
Additions through acquisitions	6,761	-	-	1,356	-	865	-	-	8,982
Additions internally developed	-	-	6,431	-	-	-	-	23	6,454
Amortisation charge	-	-	(4,391)	(161)	-	(102)	-	(10)	(4,664)
Effects of movements in foreign exchange	(490)	-	(2)	(84)	-	(54)	-	-	(631)
<b>Closing value at 30 June 2020</b>	<b>9,102</b>	<b>30</b>	<b>13,012</b>	<b>1,111</b>	<b>-</b>	<b>709</b>	<b>842</b>	<b>18</b>	<b>24,824</b>
<b>2021</b>									
Balance at the beginning of the year	9,102	30	13,012	1,111	-	709	842	18	24,824
Additions	-	-	-	-	15,000	-	2	-	15,002
Additions internally developed	-	-	6,406	-	-	-	-	-	6,406
Amortisation charge	-	-	(5,194)	(253)	(1,375)	(161)	-	(3)	(6,986)
Effects of movements in foreign exchange	176	-	16	26	-	16	-	-	234
<b>Closing value at 30 June 2021</b>	<b>9,278</b>	<b>30</b>	<b>14,240</b>	<b>884</b>	<b>13,625</b>	<b>564</b>	<b>844</b>	<b>15</b>	<b>39,480</b>

## b) Impairment testing of Cash-Generating Units (CGU) containing goodwill or intangible assets with indefinite useful lives

### Goodwill and Indefinite Life Intangibles allocated to CGUs

	Lottery Retailing		SaaS		Managed Services		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Goodwill	2,831	2,831 <sup>1</sup>	-	-	6,447	6,271	9,278	9,102
Domain names	-	-	844	842 <sup>1</sup>	-	-	844	842

<sup>1</sup>Included in Australian Lottery CGU in 2020

### Lottery Retailing

Goodwill has been allocated to the Lottery Retailing 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 relative CGU<sup>1</sup>.

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

	2021	2020 <sup>1</sup>
Discount rate	13%	14%
Budgeted cash flow growth rate	3%	3%
Terminal value growth rate	3%	3%
Tabcorp 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 of goodwill, the Tabcorp extension fee and other intangible assets and right-of-use assets by approximately \$263,466,000 (2020: \$288,389,000<sup>1</sup>). 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	
	2021	2020 <sup>1</sup>
Discount rate	5.0ppt	6.0ppt
Budgeted cash flow growth rate	(89.0%)	(83.2%)

Should the lottery reseller agreement be cancelled or not be extended for further periods when they expire 25 August 2030, an impairment loss would be recognised up to the maximum carrying value of \$17,223,000.

<sup>1</sup>relates to the FY2020 Australian Lottery CGU which is not materially different to the FY2021 Lottery Retailing CGU with regards to these matters.

### Software-as-a-Service

Domain names have been allocated to the Software-as-a-Service CGU which is an operating segment. In previous years, Domain Names was allocated to the Australian Internet Lottery CGU which was previously 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 relative CGU.

Key assumptions used for value-in-use calculation of the CGU are as follows (no comparative information is available as the CGU was only formed 1 July 2020):

	2021	2020
Discount rate	14%	-
Budgeted cash flow growth rate	3%	-
Terminal value growth rate	3%	-
Software licence agreements continue beyond current agreement periods		
Annual capital expenditure	\$6,263,000	-

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 those used in industry reports.

The estimated recoverable amount of the CGU exceeded the carrying amount of software and domain names by approximately \$91,945,000 (2020: n/a). 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 (no comparative information is available as the CGU was only formed 1 July 2020).

	Change required for carrying amount to equal recoverable amount	
	2021	2020
Discount rate	4ppt	-
Budgeted cash flow growth rate	(78.9%)	-

Should the customer contracts 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 \$18,179,000.

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## Managed Services

Goodwill has been allocated to the Managed Services CGU which is an operating segment (previously SaaS UK CGU and 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 relative CGU<sup>1</sup>.

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

	2021	2020 <sup>1</sup>
Discount rate	15%	14%
Budgeted EBITDA growth rate	3%	10%
Terminal value growth rate	3%	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 of goodwill, customer contracts and relationships and software by approximately \$5,085,000 (2020: \$1,141,000<sup>1</sup>). 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	
	2021	2020 <sup>1</sup>
Discount rate	3ppt	6ppt
Budgeted cash flow growth rate	(8.8%)	(4.0%)

Should all customer contracts cease, an impairment loss would be recognised up to the maximum carrying value of \$7,894,000.

<sup>1</sup>relates to the FY2020 SaaS UK CGU which is not materially different to the FY2021 Managed Services CGU with regards to these matters.

## 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.

### 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 5 years.

### 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.

### Tabcorp extension fee

An extension fee was payable when the 10-year Tabcorp Agreement was executed on 25 August 2020. The extension fee is capitalised as the Agreement 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 Agreement of 10 years.

### 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.

## 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	
	2021 \$'000	2020 \$'000
Land and buildings - right-of-use	5,711	6,077
Less: Accumulated amortisation	(1,953)	(1,038)
	3,758	5,039
Plant and equipment - right-of-use	164	164
Less: Accumulated amortisation	(91)	(18)
	73	146
	3,831	5,185

The Group leases land and buildings for its offices under agreements of between two to seven 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 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: Trade and other payables

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Total trade and other payables		19,296	19,060
<b>Included in the above:</b>			
Trade creditors		1,785	1,341
GST payable		903	1,020
Sundry creditors and accrued expenses		5,845	4,373
Employee benefits		1,461	1,345
		9,994	8,079
Customer funds payable	6(a)	9,302	10,981
		19,296	19,060

### 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 12: Employee benefit obligations

	Consolidated	
	2021 \$'000	2020 \$'000
CURRENT		
Long service leave	699	532
NON-CURRENT		
Long service leave	605	668
	1,304	1,200

### 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 13: Lease liabilities

	Consolidated	
	2021 \$'000	2020 \$'000
CURRENT		
Lease Liabilities	1,013	990
NON-CURRENT		
Lease Liabilities	3,120	4,395
	4,133	5,385

### 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.

### Significant judgements and estimates

A key judgement by management is the incremental borrowing rate of 3.50% p.a. being applied as the discount rate in the initial recognition of the lease values.

## 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 14: Capital risk management

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Total borrowings	17	-	-
Less: cash and cash equivalents – general account balances	6(a)	(53,837)	(61,278)
Net debt		-	-
Total equity	16	80,177	80,089
Total capital		80,177	80,089
Gearing ratio		0%	0%

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 by as total borrowings less cash and cash equivalents (up to a minimum of zero). Total capital is net debt plus total equity. There were no changes in the Group's approach to capital management during the year.



## Note 15: Dividends

### (a) Ordinary shares

	Consolidated	
	2021 \$'000	2020 \$'000
Final fully franked ordinary dividend of 17.0 (2020: 21.5) cents per share franked at the tax rate of 30% (2020: 30%)	10,616	13,410
Interim fully franked ordinary dividend of 18.0 (2019: 18.5) cents per share franked at the tax rate of 30% (2020: 30%)	11,241	11,549
Total dividends paid or provided for	21,857	24,959
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2020 and 30 June 2019 were as follows:		
Paid in cash	21,857	24,959
Satisfied by issue of shares	-	-
	21,857	24,959

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

	Consolidated	
	2021 \$'000	2020 \$'000
Since year end, the Directors have recommended the payment of a final 2021 fully franked ordinary dividend of 18.5 (2020: 17.0) cents per share franked at the rate of 30% (2020: 30%). The aggregate amount of the proposed dividend expected to be paid on 24 September 2021 (2020: 30 September 2020), but not recognised as a liability at year end, is:	11,553	10,616

### (c) Franked dividends

	Consolidated	
	2021 \$'000	2020 \$'000
The franked portions of dividends paid and recommended after 30 June 2021 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 2021.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	14,903	12,372

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 \$4,951,000 (2020: \$4,550,000).

## Note 16: Equity and reserves

### (a) Contributed equity

#### Issued shares

	Consolidated		Consolidated	
	2021 Shares	2021 \$'000	2020 Shares	2020 \$'000
Ordinary shares – fully paid	62,448,757	80,177	62,423,757	80,089

#### Movements in ordinary share capital

Details	Consolidated	
	Shares	\$'000
Balance 1 July 2019	62,123,757	79,302
Shares issued during the year		
23 Aug 2019-Exercise of options	250,000	613
19 Nov 2019-Exercise of options	50,000	175
Balance 30 June 2020	62,423,757	80,089
Balance 1 July 2020	62,423,757	80,089
10 July 2020-Exercise of options	25,000	88
Balance 30 June 2021	62,448,757	80,177

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.

### (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) Options

- (i) Details of the employee option 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 Note 25: Share-Based Payments.
- (ii) For information relating to share options issued to third parties during the financial year, refer to Note 25: 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.

#### Financial assets at fair value through other comprehensive income (FVOCI) reserve

The financial assets at fair value reserve comprises changes in the fair value of FVOCI investments which are recognised in other comprehensive income including when investments are sold or reclassified.

## Note 17: Borrowings

### (a) Facilities with Banks

	Note	Consolidated	
		2021 \$'000	2020 \$'000
<i>Credit facility</i>			
Bank guarantees		3,250	800
Commercial card		300	300
<i>Facilities utilised</i>			
Bank guarantees	29	(3,091)	(682)
Commercial credit card		(280)	(295)
Amount available		179	123

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 2021 (2020: nil).

### (b) Assets pledged as security

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

### (c) Defaults and breaches

There have been no defaults or breaches during the financial year ended 30 June 2021.

## Note 18: 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.

Whilst there has been no noticeable impact on financial performance from COVID-19, 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 the Fiji Dollar (FJ\$) and Great British Pound (GBP).

##### 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:

	Consolidated			
	Rate <sup>1</sup> %	2021 \$'000	Rate <sup>1</sup> %	2020 \$'000
Deposits	0.24	63,139	0.80	72,259

<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 35 days (2020: 23 days). Term deposits currently in place cover approximately 53% (2020: 79%) 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 2021:

	Consolidated			
	Effect on profit (before tax)		Effect on equity (before tax)	
	2021	2020	2021	2020
200 bps movement in interest rates				
200 bps increase in interest rates	1,263	1,445	1,263	1,445
200 bps decrease in interest rates	(1,263)	(1,445)	(1,263)	(1,445)

## (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party 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 17(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 2021 and 30 June 2020 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 2021 \$'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 \$	13	524	8	51	249	845
Lifetime expected credit loss \$	-	-	-	-	-	-

30 June 2020 \$'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%	
Gross carrying amount \$	1	138	36	33	102	311
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:

2021	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 3 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial assets					
Cash and cash equivalents	63,139	-	-	-	63,139
Trade and other receivables	3,557	-	-	-	3,557
Other assets	1,807	-	-	-	1,807
	<b>68,503</b>	-	-	-	<b>68,503</b>
Financial liabilities					
Trade and other payables	19,296	-	-	-	19,296
Lease liabilities	1,141	2,216	1,073	-	4,430
Contingent consideration	1,807	-	-	-	1,807
	<b>22,244</b>	<b>2,216</b>	<b>1,073</b>	-	<b>25,533</b>

2020	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 3 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial assets					
Cash and cash equivalents	72,259	-	-	-	72,259
Trade and other receivables	1,961	-	-	-	1,961
Other assets	1,757	1,761	-	-	3,518
	<b>75,977</b>	<b>1,761</b>	-	-	<b>77,738</b>
Financial liabilities					
Trade and other payables	19,060	-	-	-	19,060
Lease liabilities	1,181	1,149	3,136	-	5,466
Contingent consideration	1,757	1,581	-	-	3,338
	<b>21,998</b>	<b>2,730</b>	<b>3,136</b>	-	<b>27,864</b>

## (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 – 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets	-	-	-	-
Liabilities	-	-	-	-
Contingent consideration	-	-	1,807	1,807
<b>Total liabilities</b>	-	-	<b>1,807</b>	<b>1,807</b>

Consolidated – 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets	-	-	-	-
Liabilities	-	-	-	-
Contingent consideration	-	-	3,338	3,338
<b>Total liabilities</b>	-	-	<b>3,338</b>	<b>3,338</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 Gatherwell Ltd 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 \$'000	Total \$'000
Balance at 1 July 2019	-	-
Additions	3,410	3,410
Effects of movements in foreign exchange recognised in other comprehensive income	(248)	(248)
Fair value movement recognised in profit or loss	176	176
<b>Balance at 30 June 2020</b>	<b>3,338</b>	<b>3,338</b>
Balance at 1 July 2020	3,338	3,338
Change in contingent consideration at fair value/earnout paid	(1,806)	(1,806)
Effects of movements in foreign exchange recognised in other comprehensive income	98	98
Fair value movement recognised in profit or loss	177	177
<b>Balance at 30 June 2021</b>	<b>1,807</b>	<b>1,807</b>



The Milestone 1 earnout at 30 June 2020 relating to the Gatherwell acquisition was reached during the financial-year period and GBP1,000,000 (AUD1,806,000) was paid from the funds held in the Group's UK bank account, Other current assets and other non-current assets in the Consolidated Statement of Financial Position, resulting in a change in contingent consideration at fair value. The probability of reaching the Milestone 2 earnout at 30 June 2021 and paying GBP1,000,000 from the funds held in the Group's UK bank account was increased from 90% to 100% resulting in a fair value movement recognised in profit or loss.

### Significant judgements and estimates

A key judgement by management is a 100% probability of the contingent consideration being paid following the 30 June 2021 financial year end.

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

Description	Unobservable Inputs	Range	Sensitivity
Contingent consideration	Probability rate	100%	5% decrease would decrease fair value by \$89,000
	Future profit	\$1,100,000 to \$1,200,000	10% increase/decrease would not change the fair value
	Discount rate	15%	1.00% change would not change the fair value

## 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 19: Controlled subsidiaries

The Group's subsidiaries that were controlled during the year and prior years are set out below:

	County of Incorporation	Percentage Ownership	
		2021 %	2020 %
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	Australia	100	100
Jumbo Lotteries Pty Ltd	Australia	100	100
Jumbo Interactive Asia Pty Ltd	Australia	100	100
Cook Islands Tattslotto Pty Ltd	Cook Islands	1	1
Jumbo Interactivo de Mexico SA de CV	Mexico	100	100
Gatherwell Limited	United Kingdom	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 Limited	Fiji	100	100
TMS Fiji On-Line Limited	Fiji	100	100
TMS Global Services (PNG) Limited	Papua New Guinea	100	100
Cook Islands Tattslotto Pty Ltd	Cook Islands	99	99
Jumbo Lotteries North America, Inc.	United States of America	100	100

### 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, are 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 20: 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:

	2021 \$'000	2020 \$'000
Current assets	17,511	25,336
Non-current assets	42,580	38,438
<b>Total assets</b>	<b>60,091</b>	<b>63,774</b>
Current liabilities	2,497	3,216
Non-current liabilities	736	2,308
<b>Total liabilities</b>	<b>3,233</b>	<b>5,524</b>
<b>Net assets</b>	<b>56,858</b>	<b>58,250</b>
Issued capital	80,177	80,089
Accumulated losses	(26,037)	(26,037)
Profits appropriation reserve	794	3,245
Other reserves	1,924	953
<b>Total shareholders' equity</b>	<b>56,858</b>	<b>58,250</b>
<b>Profit for the year</b>	<b>19,409</b>	<b>17,113</b>
<b>Total comprehensive income for the year</b>	<b>19,409</b>	<b>17,113</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 17: Borrowings, and are ongoing.

The parent entity has also provided a guarantee in favour of Tabcorp in respect of payment obligations of a subsidiary company in terms of the Agent 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 2021 (2020: \$Nil).

### **(d) Contingent liabilities**

The parent entity has no contingent liabilities other than the guarantees referred to above.

### **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 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 21: Investments accounted for using the Equity Method

Interest in Associate – Lotto Points Plus Inc., USA	Place of business / Country of Incorporation	2021 %	2020 %	2021 \$'000	2020 \$'000
Unlisted shares					
Lotto Points Plus Inc	New York, USA	30.9	30.9	-	-
Net investment in associate company				-	-

Lotto Plus Inc is an investment company, with its only investment being a 16.9% (2020: 16.9%) shareholding (non-voting) in Lottery Rewards Inc., USA (see Note 22(ii) for details).

### 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 22: Financial assets at fair value through other comprehensive income (FVOCI)

Unlisted securities comprise investments in:

- (i) Sorteo Games Inc., USA – the Company owns 7% of the issued share capital of Sorteo Games Inc. Shares in Sorteo Games Inc are carried at fair value of \$nil (2020: \$nil).
- (ii) Lottery Rewards Inc., USA – the Company owns 5.4% of the issued share capital of Lottery Rewards Inc – 0.2% directly and 5.2% indirectly (through Lotto Points Plus Inc – see Note 21 for details). Shares in Lottery Rewards Inc are carried at fair value of \$nil (2020: \$nil).

### Recognition and measurement

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. After initial recognition at cost, they are measured at fair value with gains and losses recognised in other comprehensive income (FVOCI reserve), until the investment is disposed of, at which time the cumulative gain or loss previously recognised in the FVOCI reserve may be transferred within equity.

## Note 23: Related party transactions

### Parent entity

Jumbo Interactive Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 19.

### Key management personnel

Disclosures relating to key management personnel are set out in Note 24 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	
	2021 \$	2020 \$
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	9,956	8,580

	Consolidated	
	2021 \$	2020 \$
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	86,505	86,505

### Receivables from related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021 \$	2020 \$
Trade receivables from Mr Mike Rosch (director-related party of Mike Veverka)	1,165	787



## Note 24: Key Management Personnel compensation

	Consolidated	
	2021 \$	2020 \$
Short term employee benefits	2,767,859	2,668,138
Post-employment benefits	151,092	208,045
Other long-term benefits	34,085	137,212
Termination benefits	-	-
Share-based payments	945,512	487,856
	3,898,548	3,501,251

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report.

## Note 25: Share-based payments

Share-based payment expenses recognised during the financial year	Consolidated	
	2021 \$	2020 \$
Options issued under employee option plan	27,960	90,745
Rights issued under employee incentives schemes	940,161	415,140
	968,121	505,885

### 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 2021 financial year.

#### Third parties

There were no options granted during the 2021 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 2021 were as follows:

	Grant date	Share price at grant date	Exercise price	Expected volatility	Expected dividend yield	Risk free rate
KMP STI rights 30 June 2021 <sup>1</sup>	30 June 2021	\$17.77	\$nil	45.913%	1.97%	0.04%

<sup>1</sup> awarded by the Board 30 June 2021 for the service period 1 July 2020 to 30 June 2021, to be granted at the 2021 AGM

The fair value of LTI rights at grant date was determined by an independent valuer using the Monte Carlo Simulation 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 Monte Carlo Simulation option pricing model for options granted during the year ended 30 June 2021 were as follows:

	Grant date	Share price at grant date	Exercise price	Expected volatility	Expected dividend yield	Risk free rate
KMP LTI rights 1 July 2020 <sup>1</sup>	29 October 2020	\$11.58	\$nil	57.101%	3.07%	0.11%
KMP LTI rights TAH agreement <sup>2</sup>	17 December 2020	\$13.68	\$nil	57.625%	2.60%	0.11%
Senior Management LTI rights <sup>2</sup>	15 February 2021	\$15.15	\$nil	57.958%	2.34%	0.11%

<sup>1</sup> LTI rights are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP for the period up to 30 June 2023 is equal to or more than \$14.55 less any dividends paid during the term.

<sup>2</sup> LTI rights are granted for no consideration, have a term until 4 November 2023, and are exercisable when the 90-day VWAP for the period up to 3 November 2023 is equal to or more than \$16.24 less any dividends paid during the term.

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:

## 2021

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	Exercisable at end of year
<b>KMP and staff options</b>									
18 Nov 2015	\$1.75	18 Nov 2020	100,000	-	(100,000)	-	-	-	-
26 Oct 2017	\$3.50	15 Nov 2022	625,000	-	-	(25,000)	-	600,000	600,000
<b>Total</b>			<b>725,000</b>	<b>-</b>	<b>(100,000)</b>	<b>(25,000)</b>	<b>-</b>	<b>600,000</b>	<b>600,000</b>
Weighted average exercise price			\$3.26	-	\$1.75	\$3.50	-	\$3.50	\$3.50
<b>KMP and staff rights</b>									
1 July 2019 <sup>1</sup>	\$nil	1 July 2023	46,716	-	-	-	-	46,716	-
30 June 2020 <sup>1</sup>	\$nil	30 June 2021	23,241	-	-	-	-	23,241	23,241
29 October 2020	\$nil	1 July 2024	-	92,965	-	-	-	92,965	-
17 December 2020	\$nil	4 Nov 2023	-	40,984 <sup>2</sup>	-	-	-	40,984	-
15 February 2021	\$nil	4 Nov 2023	-	18,933	(1,557)	-	-	17,376	-
30 June 2021 <sup>4</sup>	\$nil	30 June 2022	-	16,925 <sup>3,4</sup>	-	-	-	16,925	-
<b>Total</b>			<b>69,957</b>	<b>169,807</b>	<b>(1,557)</b>	<b>-</b>	<b>-</b>	<b>238,207</b>	<b>23,241</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> Includes 16,393 rights subject to shareholder approval at the 2021 AGM

<sup>3</sup> Includes 7,319 rights subject to shareholder approval at the 2021 AGM

<sup>4</sup> Awarded by the Board that relates to the service period 1 July 2020 to 30 June 2021, with 9,606 to be granted on the date of the 2021 AGM subject to shareholder approval

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 Tabcorp 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.

## 2020

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	Exercisable at end of year
<b>KMP and staff options</b>									
18 Nov 2015	\$1.75	18 Nov 2020	250,000	-	-	(150,000)	-	100,000	100,000
26 Oct 2017	\$3.50	15 Nov 2022	775,000	-	-	(150,000)	-	625,000	625,000
<b>Total</b>			<b>1,025,000</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>725,000</b>	<b>725,000</b>
Weighted average exercise price			\$3.01	-	-	\$2.62	-	\$3.26	\$3.26
<b>KMP and staff rights</b>									
24 October 2019	\$nil	1 July 2023	-	46,716	-	-	-	46,716	-
29 October 2020	\$nil	30 June 2021	-	23,241	-	-	-	23,241	-
<b>Total</b>			<b>-</b>	<b>69,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,857</b>	<b>-</b>

Options were exercised once during the year and the weighted average share price at date of exercise for the year ended 30 June 2021 was \$11.26 (2020: \$19.77).

The weighted average exercise price of share options and rights for the year ended 30 June 2021 was \$2.71 (2020: \$3.23).

The weighted average remaining contractual life of share options and rights outstanding at 30 June 2021 was 1 years 7 month (2020: 2 years 1 months).

## 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-nomial, 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 26: Remuneration of auditor

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	
	2021 \$	2020 \$
<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	163,854	130,138
<b>Network firms of BDO Audit Pty 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	62,384	
	<b>226,238</b>	<b>130,138</b>
<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	48,000	52,500
Transfer pricing consulting	13,000	-
Other taxation advice	53,131	9,300
	<b>114,131</b>	<b>61,800</b>
<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	110,000	84,423
Whistleblower services	5,000	6,500
	<b>115,000</b>	<b>90,923</b>
	<b>455,369</b>	<b>282,861</b>

## Note 27: 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 2020 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 2021. 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 notes 21 and 22 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 11 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	129
Note 28: Contingencies	129
Note 29: Commitments	129
Note 30: Events after the reporting date	130

## Note 28: 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	
	2021 \$'000	2020 \$'000
Guarantees provided by the Group's bankers	3,091	682

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 29: Commitments

### Short-term lease commitments

	Consolidated	
	2021 \$'000	2020 \$'000
Non-cancellable short-term leases contracted for but not capitalised in the consolidated financial statements		
Payable		
Not later than one year	23	48
Later than one year but not later than five years	-	-
Later than five years	-	-
	23	48

The Group leases various premises in Fiji under short-term leases expiring in less than one year.



## Note 30: Events after the reporting date

On 26 August 2021, the Company announced it had entered into an agreement to acquire 100% of Stride Management Inc. (**Stride**), reflecting Jumbo's entry into the Canadian charitable lottery market. The conditional acquisition of Stride is a key strategic step in Jumbo's international expansion strategy following the successful acquisition of UK based Gatherwell Limited in November 2019. Total consideration is expected to be approximately A\$11.7 million with 70% payable on completion and the remaining 30% to be paid in two instalments in FY22 and FY23, subject to earnings hurdles being met. Completion of the transaction remains subject to the satisfaction of certain conditions under the agreement including Alberta and Saskatchewan Gaming regulator approval, which is anticipated in late calendar year 2021.

Apart from the above and the final dividend declared, 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 2021.

## 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 2021 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 65 to 76 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2021, 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.

This declaration is made in accordance with a resolution of the Directors.



**Susan Forrester**  
Chair

Brisbane, 26 August 2021



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



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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 (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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#### Impairment assessment of Goodwill and Other Intangible Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 9.</p> <p>The carrying value of intangible assets represent a significant asset of the Group.</p> <p>The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating management's determination of the Group's Cash Generating Units ("CGUs") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity</li> <li>• Evaluating management's process regarding the valuation of the Group's goodwill, other intangible assets, and right-of-use assets</li> <li>• Evaluating management's allocation and apportionment of assets across the different CGU's</li> <li>• Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure, discount rates and the lives of reseller, software licence and lottery management agreements used to determine the recoverable amount of its assets</li> <li>• Assessing the historical accuracy of forecasting of the Group by comparing the current year actual results with FY21 figures included in prior year forecasts to consider whether any forecasts included assumptions, that with hindsight, had been optimistic</li> <li>• Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.</li> </ul>

#### Revenue recognition and measurement

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<ul style="list-style-type: none"> <li>• The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2021</li> <li>• The assessment of revenue recognition and measurement required significant auditor effort.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessing the revenue recognition policy for compliance with AASB 15 Revenue from Contracts with Customers</li> <li>• Documenting the processes and assessing the internal controls relating to revenue processing and recognition</li> <li>• Tracing a sample of revenue transactions to supporting documentation</li> <li>• Developing expectations of monthly trends taking into account of seasonality and timing of major prize monies for each lotto draw and comparing with actual revenue recognised each month</li> <li>• Assessing the adequacy of the Group's disclosures within the financial statements</li> </ul>

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#### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 63 to 76 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Jumbo Interactive Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



#### 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.

BDO Audit Pty Ltd

BDO  


K L Colyer  
Director

Brisbane, 26 August 2021

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## SHAREHOLDER INFORMATION

The Company has 62,448,757 ordinary shares on issue, each fully paid. There are 13,587 holders of these ordinary shares as at 31 July 2021. Shares are quoted on the Australian Securities Exchange under the code JIN and on the German Stock Exchange.

In addition, there are an aggregate total 600,000 options and 46,716 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 2021

Range	Total	Holders	Units	% of issued capital
1–1,000	10,185	3,398	186	5.44
1,001–5,000	2,801	6,335	285	10.14
5,001–10,000	357	2,606	165	4.17
10,001–100,000	212	5,217	305	8.35
100,000 – and over	32	44,891	816	71.89
Rounding				0.01
<b>Total</b>	<b>13,587</b>	<b>62,448,757</b>		<b>100.00</b>

### (b) Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$16.60 per unit	31	251	2,754

The number of shareholders holding less than the marketable parcel of shares is 251 (shares 2,754)

### (c) Substantial holders of 5% or more fully paid ordinary shares as at 31 July 2021

Name	Notice date	Ordinary Shares	Percentage Held
Vestron Pty Ltd and associates	15 October 2018	9,436,955	15.78%
Selector Funds Management Ltd	22 September 2020	3,298,130	5.28%



## (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 2021

Name	Units	% of Units
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,832,663	14.14
2. VESTEON PTY LTD	8,798,938	14.09
3. J P MORGAN NOMINEES AUSTRALIA PTY LTD	8,430,184	13.50
4. CITIBANK NOMINEES LIMITED	5,006,873	8.02
5. NATIONAL NOMINEES LIMITED	3,058,250	4.90
6. BNP PARIBAS NOMS PTY LTD <DRP>	1,948,364	3.12
7. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,685,738	2.70
8. MR BARNABY COLMAN CADDICK	1,125,000	1.80
9. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	739,587	1.18
10. MR MIKE VEVERKA <VEVERKA S/F A/C>	666,791	1.07
11. UBS NOMINEES PTY LTD	523,893	0.84
12. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	400,125	0.64
13. SEYMOUR GROUP PTY LTD	400,000	0.64
14. POWERWRAP LIMITED <SCHEME – IML TRADES A/C>	298,176	0.48
15. MASFEN SECURITIES LIMITED	245,000	0.39
16. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	238,385	0.38
17. MR JOHN ROSAIA	218,235	0.35
18. BNP PARIBAS NOMS (NZ) LTD <DRP>	205,129	0.33
19. BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	202,858	0.32
20. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	192,846	0.31
<b>Total Top 20 shareholders of ordinary fully paid shares</b>	<b>43,217,035</b>	<b>69.20</b>
<b>Total remaining holders balance</b>	<b>19,231,722</b>	<b>30.80</b>

## (f) Unquoted securities as at 31 July 2021

Options over Unissued Shares. A total of 600,000 options are on issue to employees for services rendered.

Exercise Price	Expiry date	Number on issue	Number of holders
\$3.50	15 November 2022	600,000	1

Exercise Price	Expiry date	Number on issue	Number of holders
\$nil	1 July 2023	46,716	4
\$nil	1 July 2024	92,965	4
\$nil	4 November 2023	24,591	3
\$nil	4 November 2023	17,376	13

## (g) On-market buy-back

There is no current on-market buy-back in effect.

## (h) Restricted securities

There are no restricted securities or securities subject to voluntary escrow (outside of an employee incentive scheme) that are on issue.

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## COMPANY INFORMATION

Jumbo Interactive Limited

ABN 66 009 189 128

[www.jumbointeractive.com](http://www.jumbointeractive.com)

### Directors

Susan M Forrester (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

BDO Audit Pty Ltd

Level 10, 12 Creek 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

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**Jumbo Interactive Limited**

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**See you  
next year**

