



Jumbo Interactive Ltd

ABN 66 009 189 128 (ASX: JIN)

Level One, 601 Coronation Drive  
Toowong, Qld, 4066, Australia

PO Box 824  
Toowong, Qld, 4066, Australia

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

28 October 2021

## Jumbo Interactive 2021 Chair and CEO Addresses



Jumbo Interactive Limited (**ASX:JIN**) is today holding its 2021 Annual General Meeting (AGM) virtually at 11.00am (Brisbane time). The Chair and CEO addresses will be webcast live at <https://web.lumiagm.com/338899298> from 11.00am and will be available on the Jumbo Interactive website later today.

The Chair and CEO addresses to be delivered at the AGM are enclosed.

**- Ends -**

Authorised for release by the Board of Directors.

For further information:

Media:

Mike Veverka, CEO and Executive Director, +61 7 3831 3705, [media@jumbointeractive.com](mailto:media@jumbointeractive.com)

Investors/Analysts:

Jatin Khosla, Investor Relations, +61 428 346 792, [jatink@jumbointeractive.com](mailto:jatink@jumbointeractive.com)

### About Jumbo Interactive

Jumbo is Australia's leading dedicated digital lottery company, making lotteries easier by offering its proprietary lottery software platform and lottery management expertise to the government and charity lottery sectors in Australia and globally, and by retailing lottery tickets in Australia and the South Pacific via [ozlotteries.com](http://ozlotteries.com).

Jumbo was founded in Brisbane in 1995, listed on the ASX in 1999, and has ~160 employees creating engaging and entertaining lottery experiences for its global player base.



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## Jumbo Interactive 2021 Annual General Meeting

Chair and CEO Addresses

28 October 2021

### Chair's Address

Susan Forrester



### Introduction

Good morning and welcome to what is now our second consecutive virtual AGM, as we continue to navigate the challenges of COVID-19.

I begin today by respectfully acknowledging the Turrbal people, the Traditional Custodians of the land on which this event is taking place and pay my respects to their Elders past, present and emerging. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

It was only a year ago that I first presented to you having been in the Chair's role for seven weeks. Since then, Jumbo has made great progress with its strategy, including expanding the business beyond Lottery Retailing with the introduction of our Software-as-a-Service and Managed Services segments, signing our first government lottery SaaS client in Lotterywest and our first UK SaaS client in St Helena Hospice, and most recently, announcing our entry into the Canadian charity lottery market through the conditional acquisition of Stride.

### Strategy and financial performance

At Jumbo, our mission is making lotteries easier and our vision is to be the number one choice in digital lottery and services to the charity and government lottery sectors. FY21 was a milestone



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year for Jumbo as we implemented a new operating model and management structure and moved from one to three operating segments. These changes align us better with the growth opportunities we see ahead, and along with clearer management accountabilities, will drive greater focus, improved decision-making and accelerate execution.

Turning to our FY21 financial performance, in August we announced solid results that reflected continued double digit revenue growth in our Lottery Retailing business, supported by strong growth in our emerging SaaS and Managed Services segments. The strength of this result enabled the Board to provide shareholders with a fully franked final dividend of 18.5 cents per share, taking the total dividend for the FY21 year to 36.5 cents per share, fully franked.

While on the subject of financials, I wanted to advise of a typographical correction within our FY21 Annual Report where the FY21 total shareholder return figure reported on pages 15 and 70 was stated as 189.1% rather than the correct figure of 89.1%. This correction has been made to the digital version of the annual report available on our website.

### **Lottery sector**

Since Jumbo was established by Mike Veverka in 1995, it has entrenched itself as a global leader in digital draw-based lottery games, which continue to grow in popularity at rates that comfortably exceed GDP growth here in Australia and internationally.

Investor interest in the lottery sector continues to intensify, spurred on by the proposed demerger of Tabcorp to create a stand-alone lotteries business, and today's announcement of the trade sale of Scientific Games' lotteries unit to Brookfield.

As a pure-play digital lottery specialist, we believe these developments including a deeper understanding of lotteries as an asset class are fundamentally positive for the domestic lottery sector. In the midst of all this activity, we see significant opportunities for organic and inorganic growth at Jumbo, as we continue to invest heavily to create engaging and entertaining lottery experiences for our players, while delivering strong financial outcomes for our government and charity clients.

### **Governance and Board renewal**

Jumbo operates in a heavily regulated industry. At last year's AGM I shared the Board's commitment to raising the bar in terms of corporate governance. Over the course of FY21, we took steps to ensure our governance foundations were effective including formalising key processes, refreshing existing and introducing new policies, improving risk reporting, and investing in additional resources. These targeted actions were aimed at fostering a proactive risk management culture and ensuring the Board is appropriately supported in its oversight role.

Turning to the Board, the departure of David Barwick, our former Chair at last year's AGM and Bill Lyne, our former non-executive director and company secretary, as well as the appointments of Giovanni Rizzo and Sharon Christensen in 2019, means that the Board has undergone a period of renewal and is well positioned to help the business navigate the risks and opportunities ahead. In addition, with my election as Chair at the last AGM, we now have gender parity at the Board level.



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Today, Sharon Christensen is seeking re-election. Sharon will address you shortly when we reach the resolution for her election, and the Board recommends that you vote in favour of this.

### **Sustainability**

We understand the importance of sustainability as we continue to grow, and that the consistent delivery of strong sustainability outcomes not only builds trust with our key stakeholders but also closely aligns with the delivery of strong total returns for shareholders.

We have made good progress on our sustainability agenda so far. Our priority is always the welfare of our players and while we work extremely hard to deliver engaging and entertaining experiences, we aim to do this in a safe and trusted manner that does not result in excessive gambling or anyone extending beyond their means or causing personal distress.

Jumbo, through the deployment of our technology and expertise, also has the privilege of being able to assist several charitable organisations and worthwhile causes develop a vital and sustainable source of fundraising revenue, to make a difference in the communities they operate. The technology that Jumbo creates is key for charities to survive challenges such as COVID-19 and indeed thrive well into the future.

Over the course of this financial year, we will focus on improved sustainability reporting including voluntarily participating in modern slavery reporting and baselining our CO2 emissions. Just last week, the People and Culture Committee approved our new Diversity, Equity and Inclusion policy which will be rolled out next month highlighting our commitment to pay equity, inclusion, gender diversity and cultural diversity.

### **Our People**

At Jumbo, we recognise the important contribution our people make to our success. We have a diverse and talented workforce, with a shared passion for technology and innovation, and a common goal of delivering the most engaging and entertaining experiences for our players. I am especially proud of how our team has embraced new ways of working and the strong engagement and productivity levels, despite the challenges from COVID-19.

Our people continue to be our greatest asset and in FY21 we replaced the Nomination and Remuneration Committee with the People and Culture Committee, chaired by Sharon Christensen, to bring a more holistic focus to aspects of governance including diversity and inclusion, wellbeing, employee engagement and culture. We are also developing a new talent management framework which will focus on workforce planning, attracting top talent, learning and development, retention, and succession planning.

I would also like to take this opportunity to formally welcome Richard Bateson to the new role of Chief Commercial Officer, based in the United States. Richard was instrumental in the development of our international strategy, and I am pleased to have someone of his calibre and extensive international lottery experience in the team.



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## Conclusion

As a Board, we are committed to providing sound governance and diligent stewardship of the company's strategy and culture. We continue to encourage management to invest in our technology and people, which will be critical to successfully executing on our growth strategy.

I would like to thank my fellow Board members for their counsel and support throughout the year. I would also like to thank Mike Veverka and his team of 160 strong staff for their adaptability through a changing work environment, their dedication, energy, and enthusiasm.

I will now hand over to Mike to present a more detailed review of the Company's performance.

Thank-you and I look forward to taking your questions later in the meeting.



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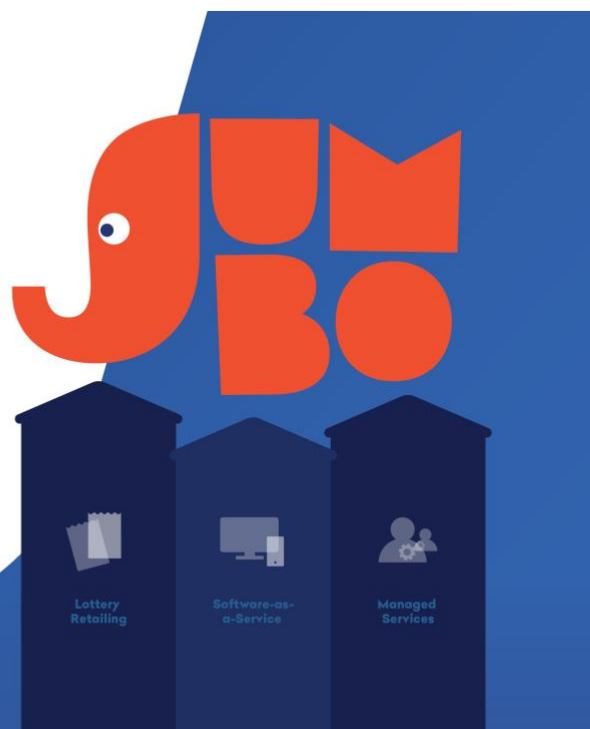
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## CEO and Founder's Address

Mike Veverka

28 October 2021



Thank-you Sue and good morning everyone. I'd also like to take this opportunity to welcome you to the 2021 Jumbo Interactive Annual General Meeting, my 23<sup>rd</sup> meeting as CEO and Founder.

I will now take you through both the financial and operational highlights of FY21 and provide an update on our 1QFY22 performance.



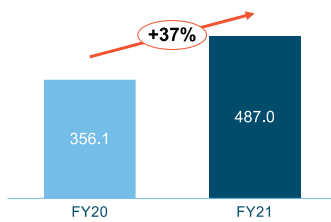
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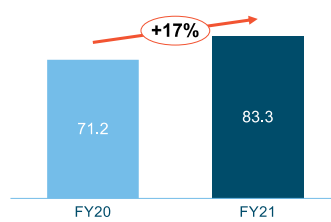
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## FY21 result overview

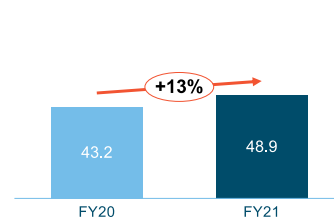
Total Transaction Volume (\$m)



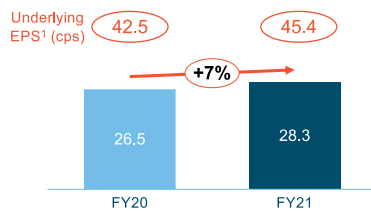
Revenue (\$m)



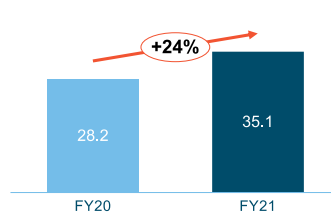
EBITDA – underlying<sup>1</sup> (\$m)



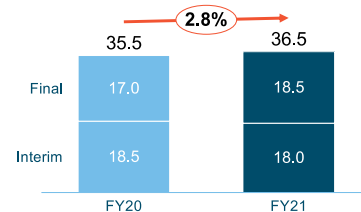
NPAT – underlying<sup>1</sup> (\$m)



Operating cashflow



Dividends declared (cps)



1. Statutory FY21 EBITDA adjusted for one-off items of \$1.65m mainly reflecting ~\$870k of consulting and legal fees associated with the extension of the Tabcorp agreement, ~\$410k of costs associated with the conditional acquisition of Stride and ~\$190k of one-off Gatherwell acquisition expenses.

2021 AGM

As Sue mentioned, we delivered a solid FY21 result with double digit growth across Group TTV, revenue and underlying EBITDA. This was despite the average value of large jackpots being down 21%.

Operating cashflow increased 24% and we were pleased to pay out an 18.5 cents per share final dividend, taking the total dividend for FY21 to 36.5 cents per share fully franked.



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## FY21 summary: resilience and growth

Transitioned from one to three operating segments:



**Lottery Retailing:** Strong growth without the benefit of jackpot growth

**SaaS:** Q4 annual TTV run-rate of \$132 million as clients went live on the PBJ platform

**Managed Services:** Gatherwell continues to deliver impressive growth on all key metrics

Conditional acquisition of Stride adds scale and access to the Canadian charity lottery market



Successful transition to new 10-year Tabcorp agreement, providing long-term certainty



Continued investment in the business, establishing strong foundations to successfully execute growth strategy



Balance sheet remains strong with good organic capital generation, enhancing financial flexibility



Well positioned to capture long-term growth opportunities – global lottery industry not showing any signs of slowing down

2021 AGM

FY21 was a pivotal year for Jumbo as we reconfigured our business from one to three operating segments and announced the acquisition of Stride which adds scale to our Managed Services segment and gives us a foothold in the Canadian charity lottery market.

The transition to the new Tabcorp agreement has gone well and importantly gives us long-term certainty as well as a unique opportunity to build our relatively nascent SaaS and Managed Services businesses.

We continue to invest in the business to ensure we have the right people and capabilities to deliver on the growth runway ahead.

Our balance sheet remains a key strength and finally, the structural tailwinds supporting the ongoing shift to digital in the lottery sector shows no signs of slowing down.



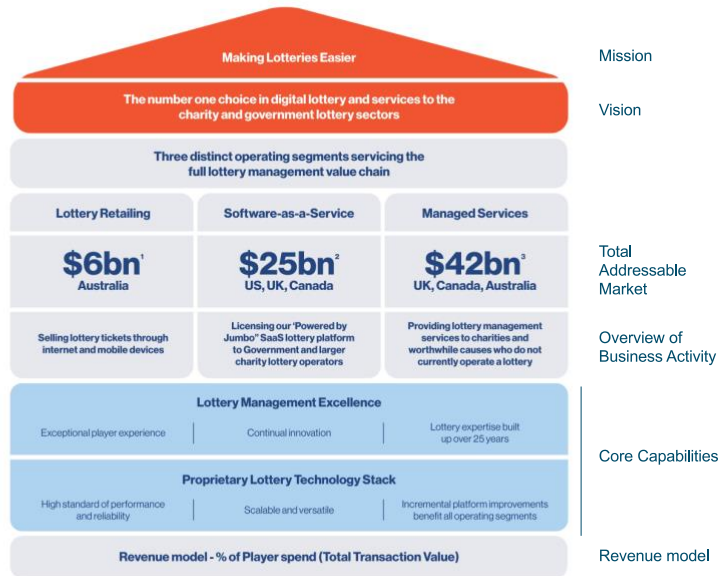


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## Our strategy

**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 \$1.8bn, US \$22bn, and Canada \$1.3bn. UK TAM of \$1.8bn: 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 £937m to £984m in sector growth (to Sept 2020). Using 6-month average GBP £1 to AUD \$1.85, 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% Lottery 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 uptake of Instant Win Games, Management forecasts the Lottery market to be worth \$14.6bn (5% 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 \$10.3bn. 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.

2021 AGM

Turning to the future opportunities for Jumbo.

At our core, Jumbo is a technology company that has found its niche as a pure play digital lottery specialist. Over two decades we have built a world-class lottery software platform that has delivered strong compounding growth in annual ticket sales, which in turn has translated into strong shareholder returns.

Jumbo is now at the point where we have achieved enough scale to expand beyond the current reseller model here in Australia and leverage our software DNA to meet the significant unmet demand for digital lotteries globally.

Our two new operating segments of SaaS and Managed Services are designed to capture this opportunity, and the markets we have prioritised include the UK, Canada and the US. Our SaaS segment targets existing lottery operators in the charity and government sectors by providing them with our leading lottery software to help grow their lottery and increase revenue for good causes.

Our Managed Services segment goes one step further and targets charities that do not yet have a lottery. Not only do we provide our clients with our software platform, but we also provide a full suite of lottery management services including obtaining a lottery licence, game design, prize procurement, marketing and customer relationship management, effectively a 'lottery in a box'.



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From our perspective, there is tremendous upside in these segments, driven by the structural shift to digital and demonstrated by the large total addressable market. Furthermore, the characteristics of these markets make them highly attractive for Jumbo:

- 1) There are significant barriers to entry given the specialised nature of our lottery software, and the fact that we operate in one of the most highly regulated sectors globally;
- 2) Our platform deployment is getting cheaper and faster over time and can be done remotely;
- 3) The platform is highly scaleable and when combined with a relatively fixed cost base, exhibits strong unit economics;
- 4) The revenue streams are sticky and recurring, and the revenue economics mean there is a strong shared incentive between our clients and us to grow;
- 5) Further to providing our software, we can provide clients with additional services based on our lottery management expertise developed over twenty years through a laser-like focus on lotteries; and
- 6) Finally, the funds raised through these lotteries are all for a good cause and the benefit of the community.

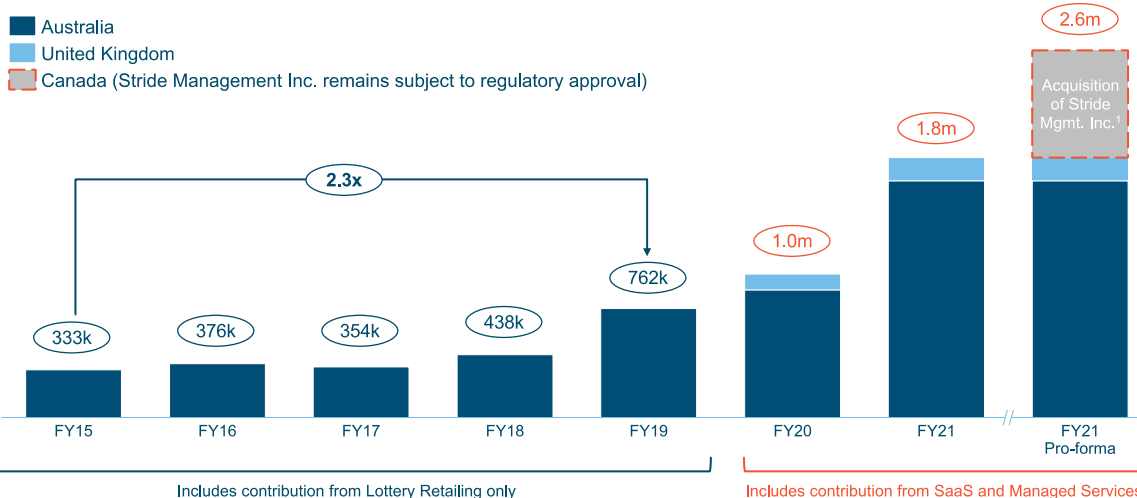
These businesses, over time, have the potential to make a material contribution to overall Group earnings and rival that of our Lottery Retailing business.



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## Active player growth

Active players that made a purchase in the 12-month period up to 30 June (FY15 – FY21)



1. Acquisition of Stride Management Inc. announced on 26 August 2021.

2021 AGM

As we execute our strategy, one of the key metrics we are focused on growing is active players.

We count an active player as someone who has purchased a lottery ticket on our platform in the 12-month period up to the end of the financial year. Active players and the average spend per player drives our total transaction value and revenue.

We have demonstrated strong active player growth in our Lottery Retailing division over the years, with active players more than doubling from FY15 to FY19. More recently, we have added new active players in Australia via our SaaS segment, and in the UK via the acquisition of Gatherwell in FY20.

The acquisition of Stride in Canada, when complete, will add around 750k active annual players and will result in our overseas businesses contributing more than a third of our total active players.

While player value and the cost of acquisition varies by segment and geography, there is a huge opportunity for us to leverage our software platform, proven track record in Lottery Retailing, and data and analytics tools, to improve the yield per player as well as grow in these new markets, where the TAMs are attractive and much larger than Australia.

It's also important to note that our overall customer database is much larger than this, and we have a significant opportunity to reactivate dormant players.



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## ESG highlights

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



### Environmental

- Digital supply of lottery tickets reduces our own and our clients' environmental footprint.
- Transitioned to a remote first working environment at the onset of COVID-19 with a formalised Distributed Workplace implemented in FY21 (~70% of staff worked from home or remotely).
- Brisbane and Melbourne offices have 5 and 3 star NABERS energy and water ratings.
- Embraced on-line collaboration tools with air travel projected to be substantially lower than pre COVID-19 levels.
- Partner with a certified electronic waste vendor for the reuse, recycling and proper disposal of IT equipment.
- Detailed environmental impact assessments and development of carbon-neutral operational targets are the immediate priority.



### Social

- Real time lottery ticket sales monitoring to create a safe and trusted environment for players. Automatic safeguards and problem gambling protocols in place to support vulnerable players.
- Deploying our technology and expertise to charities to survive challenges such as COVID-19 and thrive – ~100 clients supporting over 10,000 good causes.
- Official Partner of Paralympics Australia and sponsorship of 2020 Paralympic Games in Tokyo.
- 50% female representation at Board level, 29% representation at KMP/Leadership team level and 35% representation across the Group (45% target for FY23).
- New Diversity, Equity and Inclusion (DEI) policy approved by People and Culture Committee in October 2021 highlighting our commitment to pay equity, inclusion, gender and cultural diversity and our RAP.
- Formalised an Employee Wellness Program incorporating a dedicated Employee Assistance Program (EAP) and Mental Health policy.
- Continued strong employee engagement, above external benchmarks and >50% of vacancies filled internally (FY21).
- New talent management framework to be launched encompassing workforce planning, attracting top talent, learning & development, retention and succession planning.



### Governance

- Improved governance foundations – formalised key processes, refreshed existing and introduced new policies, improved risk reporting and invested additional resources to increase risk oversight and foster a more proactive risk management culture.
- Committed to maintaining ISO7001 Information Security Management Certification and continually seek to improve our processes, policies and documentation to strengthen our control framework.
- Board renewal has been a key focus with three non-executive Board members appointed in the last two and half years.
- Nomination and Remuneration Committee replaced by the People and Culture Committee to bring a more holistic approach to people governance.
- In-depth review of supply chain commencing in 1H22 with voluntary participation in modern slavery reporting by end of FY22.

2021 AGM

We believe Jumbo has an important role to play as a socially responsible and sustainable business that delivers value for all our stakeholders. As an S&P/ASX300 company with aspirations to enter the S&P/ASX200 we continue to make progress on a range of important environmental, social and governance areas.

While responsible gambling is clearly the key social issue for the broader sector, lotteries are globally regarded as causing minimal harm relative to more aggressive forms of gambling such as sports betting and casinos, as well as an important source of government revenue to support expenditure on a range of social services such as hospitals, schools and healthcare.

As a digital lottery specialist driven by data, we monitor and respond to abnormal or suspicious player behaviour promptly and provide support for vulnerable customers. Furthermore, we have several automatic safeguards, features and tools, built into our app for players to proactively manage their spend.

I'm pleased to advise that we will launch our new Diversity, Equity and Inclusion policy next month, outlining our commitment to pay equity, inclusion, gender and cultural diversity. As the war for talent intensifies, and as employees re-think what they value, and remote working becomes the norm, we will launch a new talent management framework encompassing workforce planning, learning and development, succession planning and refining our employee value proposition to ensure we attract and retain talent.

We formalised our distributed workplace last year and have invested in and embraced leading on-line collaboration platforms and tools to enhance productivity while ensuring our employees remain



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connected in the new normal. In the first quarter of FY22, around three quarters of our workforce worked from home or remotely.

From an environmental perspective, our immediate priority is to undertake a detailed risk assessment and baseline our carbon emissions footprint, after which we will commit to operational targets. Another key focus is to undertake an extensive review of our supply chain to better understand the risks and opportunities, and report our first modern slavery statement at the end of this financial year.

Behind the scenes, we have made significant improvements to our corporate governance, invested in additional resources to enhance risk management oversight, and introduced new policies, procedures and frameworks.



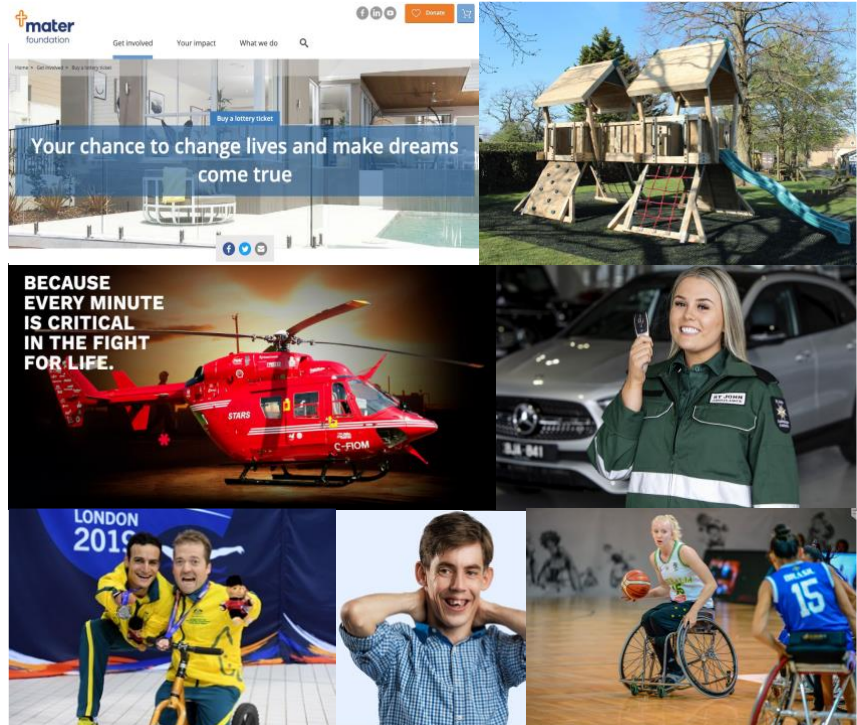


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**Our technology helps  
charities raise vital funds  
for good causes and  
community benefit**

*Photos reflect charity clients including Mater Foundation, Gatherwell (Your School Lottery), St John Ambulance (VIC), Stride Management Inc. (STARS Air Ambulance), Paralympics Australia, Endeavour Foundation*



We have had a long history of supporting Australian charities through our Lottery Retailing segment. We sold our first charity lottery ticket in 2000 for the RSL, and ticket sales from our charity partners typically represent 2% to 3% of Lottery Retailing TTV.

More recently, through our new SaaS and Managed Services segments, we have been able to assist charities and worthwhile cause organisations grow their lotteries, survive the challenges from COVID-19 and help create a more sustainable and cost effective source of funding.

Our technology helps charities raise vital funds for good causes and community benefit.

A couple of weeks ago, Sue and I were taken on a tour of the Endeavour Business Solutions facility in Wacol, and it was great to see first-hand some of the great work Endeavour is doing directly as a result of the funds raised through their lottery.

In the UK, through Gatherwell, we expect to raise over four million pounds for local good causes through community run lotteries and over two million pounds for schools and parent teacher associations this year.

While still subject to regulatory approval, our recently announced Canadian acquisition, Stride, has been working with charitable organisations for over 20 years. Stars, one of Stride's key long-standing clients provides life-saving emergency rescue and support services to over 7 million Canadians in Alberta, Saskatchewan and Manitoba. Other key clients include the Alberta Cancer Foundation and the Calgary Stampede.



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## Deep technology and lottery sector experience across functions

### Board



**Susan Forrester AM**  
Chair of the Board  
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), LL.M, GAICD



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

### Platform



**Greg Le Sueur**  
Head of Product



**Patrick Gordon**  
Head of Growth



**Chris Perry**  
Head of Engineering

### Key management personnel



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



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



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



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

### Corporate



**Abby Perry**  
Head of People & Culture



**Alexandra Houston**  
Head of Legal



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



**Angie Cheung**  
Head of Finance



**Steve Davidson**  
Head of Corporate Strategy



**Jatin Khosla**  
Head of Investor Relations



**Rick Hansen**  
Head of IT Infrastructure



**Nikki Searby**  
Legal Counsel and Board  
Secretariat

### Regional leaders



**Michael Driver**  
General Manager  
Australia



**Nigel Atkinson**  
General Manager  
United Kingdom



**To be appointed**  
General Manager  
North America

2021 AGM

To further strengthen our capabilities and execute on our growth strategy, we have brought in additional leadership talent and realigned our operating model to drive a sharper focus on growth, improve decision-making through clear accountabilities and accelerate delivery.

A key part of this, is realigning our team on a regional basis with general managers for Australia, the United Kingdom and North America.

Across the broader leadership team we now have a strong combination of deep technology and lottery sector experience, motivated to capitalise on the growth runway we see ahead.



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## 1QFY22 trading update

		Q1FY21 Reported \$'000	Lotterywest adjustment \$'000	Q1FY21 Underlying \$'000	Q1FY22 Reported \$'000	Underlying Change %
TTV	Lottery Retailing	103,896	(9,521)	94,375	112,144	18.8%
	SaaS	14,486	9,521	24,007	38,091	58.7%
	Managed Services	3,310		3,310	5,985	80.8%
	<b>Group</b>	<b>121,692</b>		<b>121,692</b>	<b>156,220</b>	<b>28.4%</b>
Revenue	Lottery Retailing	20,910	(1,888)	19,022	22,522	18.4%
	SaaS	8,425	904	9,329	10,254	9.9%
	- Internal	7,771		7,771	8,346	7.4%
	- External	654	904	1,558	1,908	22.5%
	Managed Services	717		717	1,060	47.8%
	Intersegment elimination	(7,771)		(7,771)	(8,346)	
	<b>Group</b>	<b>22,281</b>	<b>(984)</b>	<b>21,297</b>	<b>25,490</b>	<b>19.7%</b>
Gross Profit	Lottery Retailing	11,123	(1,718)	9,405	10,876	15.6%
	SaaS	8,423	817	9,240	10,187	10.2%
	Managed Services	645		645	955	48.1%
	<b>Group</b>	<b>20,191</b>	<b>(901)</b>	<b>19,290</b>	<b>22,018</b>	<b>14.1%</b>

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Turning now to our first quarter trading update. This information is unaudited and should not be considered a forecast or market guidance.

After adjusting for the transition of our WA customers to Lotterywest, underlying Group TTV and revenue for the first quarter of FY22 were up 28% and 20% respectively on the pcg.

Lottery Retailing achieved 19% underlying TTV growth underpinned by strong customer engagement and focused marketing initiatives. We are continuing to invest in smarter ways to communicate and engage our players across all ranges of jackpots. By providing personalised experiences tailored to a player's preference, we're seeing encouraging and sustained results.

SaaS TTV and revenue continues to ramp up although growth does reflect some timing impacts as not all our charity clients were live on the PBJ platform in the pcg.

While we successfully transitioned Lotterywest to the PBJ platform in December 2020, to date the Lotterywest digital marketing strategy has continued to focus on their existing on-line channel.

We have been working very closely with Lotterywest on key initiatives that will enable them to increase the value of the customer through effective use of market communications based on our proprietary analytics and experience in Lottery Retailing. In Q2FY22, a limited cohort of new player acquisitions will be trialled on the PBJ platform, to assess performance versus their existing on-line channel.





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Managed Services TTV and revenue increased 81% and 48% respectively. The modestly lower revenue margin mainly reflects the timing impact of new client set up fees, which are captured at a 100% margin.

Pleasingly, gross profit increased 14%, despite the step up in the Tabcorp service fee from 1.5% of the subscription ticket price in FY21 to 2.5% in FY22.

I've included some more detailed financial information on our first quarter performance in the appendix.

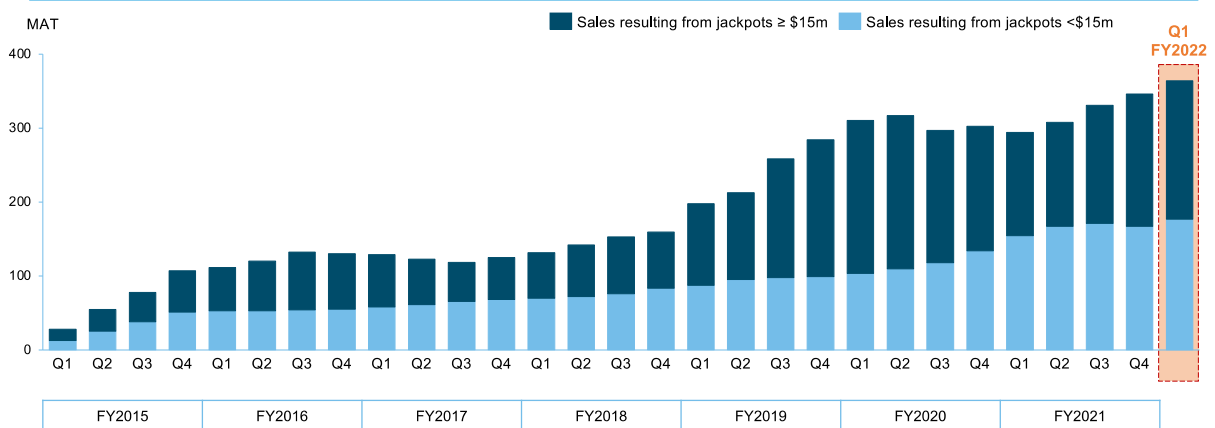


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## Lottery Retailing – 1QFY22 trading update

- 9 OzLotto/Powerball jackpots in Q1FY22 vs 8 in pcq
- \$38.9m average value per jackpot in Q1FY22, down 8.5% vs pcq (Q1FY21: \$42.5m)
- 116,017 new players in Q1FY22, up 9.7% vs pcq (Q1FY21: 105,796)

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



1. Excludes contribution from Western Australia customers transitioned to Lotterywest's white-labelled PBJ platform (SaaS)

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Turning now to our Lottery Retailing segment.

I've added the first quarter of FY22 to our usual sales performance chart, which demonstrates the solid momentum in this business.

While we had 1 more (greater than \$15m jackpot), in the first quarter of FY22, the average value per jackpot was down 9% versus the pcq. Against this backdrop, it is pleasing that Lottery Retailing achieved 19% TTV growth.

We added a 116k new players in the first quarter, up almost 10% on the pcq as we became more active at lower jackpot levels and leverage new and more sophisticated marketing automation tools.

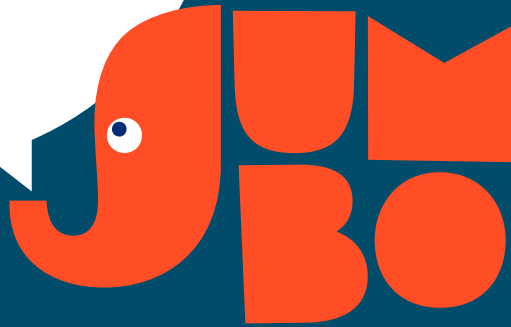
In closing, we've made a good start to FY22 however I note that the full year FY22 performance will be significantly influenced by the size and frequency of jackpots, which remain a key driver of ticket sales.



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**Thank  
you**



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Before I conclude my presentation, I would like to take this opportunity to thank our staff for their hard work and commitment, and how as a team we have all adapted to the changing work environment including multiple time zones and working remotely.

Finally, I would also like to thank you, our shareholders for your ongoing support as we continue to grow the business from humble beginnings in the early 2000s to a leading digital lottery software and services company generating almost \$500m in ticket sales last year and with operations now spanning multiple countries.

I would now like to hand back to Sue.



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## Appendix 1 – Q1FY22 Financials

TTV (\$'000)	1Q21 reported	Lotterywest	1Q21 underlying	1Q22 reported	Variance reported	Variance underlying
Lottery Retailing						
- Company	103,896	(9,521)	94,375	112,144		
- Third party	-	-	-	-		
	103,896	(9,521)	94,375	112,144	7.9%	18.8%
SaaS						
- Company	-	-	-	-		
- Third party	14,486	9,521	24,007	38,091		
	14,486	9,521	24,007	38,091	163.0%	58.7%
Managed Services						
- Company	-	-	-	-		
- Third party	3,310	-	3,310	5,985		
	3,310	-	3,310	5,985	80.8%	80.8%
Eliminations	-	-	-	-		
Consol						
- Company	103,896	(9,521)	94,375	112,144	7.9%	18.8%
- Third party	17,796	9,521	27,317	44,076	147.7%	61.4%
<b>Consolidated</b>	<b>121,692</b>	<b>-</b>	<b>121,692</b>	<b>156,220</b>	<b>28.4%</b>	<b>28.4%</b>

Revenue (\$'000)	1Q21 reported	Lotterywest	1Q21 underlying	1Q22 reported	Variance reported	Variance underlying
Lottery Retailing						
- Company	20,910	(1,888)	19,022	22,522		
- Third party	-	-	-	-		
	20,910	(1,888)	19,022	22,522	7.7%	18.4%
SaaS						
- Company	7,771	-	7,771	8,346	7.4%	7.4%
- Third party	654	904	1,558	1,908	191.7%	22.5%
	8,425	904	9,329	10,254	21.7%	9.9%
Managed Services						
- Company	-	-	-	-		
- Third party	717	-	717	1,060		
	717	-	717	1,060	47.8%	47.8%
Eliminations	(7,771)	-	(7,771)	(8,346)		
Consol						
- Company	20,910	(1,888)	19,022	22,522	7.7%	18.4%
- Third party	1,371	904	2,275	2,968	116.5%	30.5%
<b>Consolidated</b>	<b>22,281</b>	<b>(984)</b>	<b>21,297</b>	<b>25,490</b>	<b>14.4%</b>	<b>19.7%</b>

Cost of Sales (\$'000)	1Q21 reported	Lotterywest	1Q21 underlying	1Q22 reported	Variance reported	Variance underlying
Lottery Retailing	(9,787)	170	(9,617)	(11,646)	19.0%	21.1%
SaaS	(2)	(87)	(89)	(67)	n/a	(24.7%)
Managed Services	(72)	-	(72)	(105)	45.8%	45.8%
Eliminations	7,771	-	7,771	8,346	7.4%	7.4%
<b>Consolidated</b>	<b>(2,090)</b>	<b>83</b>	<b>(2,007)</b>	<b>(3,472)</b>	<b>66.1%</b>	<b>73.0%</b>



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	1Q21 reported	Lotterywest	1Q21 underlying	1Q22 reported	Variance reported	Variance underlying
<b>Gross Profit (\$'000)</b>						
Lottery Retailing	11,123	(1,718)	9,405	10,876	(2.2%)	15.6%
SaaS	8,423	817	9,240	10,187	20.9%	10.2%
Managed Services	645	-	645	955	48.1%	48.1%
Eliminations	-	-	-	-		
<b>Consolidated</b>	<b>20,191</b>	<b>(901)</b>	<b>19,290</b>	<b>22,018</b>	<b>9.0%</b>	<b>14.1%</b>
<b>Revenue margin %</b>						
Lottery Retailing	20.1%		20.2%	20.1%	(0.0ppt)	(0.1ppt)
SaaS - external	4.5%		6.5%	5.0%	0.5ppt	(1.5ppt)
Managed Services	21.7%		21.7%	17.7%	(4.0ppt)	(4.0ppt)
<b>Consolidated</b>	<b>18.3%</b>		<b>17.5%</b>	<b>16.3%</b>	<b>(2.0ppt)</b>	<b>(1.2ppt)</b>
<b>Gross Profit margin %</b>						
Lottery Retailing	53.2%		49.4%	48.3%	(4.9ppt)	(1.2ppt)
SaaS	100.0%		99.0%	99.3%	(0.6ppt)	0.3ppt
Managed Services	90.0%		90.0%	90.1%	0.1ppt	0.1ppt
<b>Consolidated</b>	<b>90.6%</b>		<b>90.6%</b>	<b>86.4%</b>	<b>(4.2ppt)</b>	<b>(4.2ppt)</b>

#### Explanatory notes:

- Western Australia (WA) customers originally reported within Lottery Retailing (revenue margin of ~20%) were transferred to SaaS, effective 21 December 2020 (revenue margin of 9.5%);
- Intersegment fee: Lottery Retailing pays a service fee (equivalent to 7.5% of on-line Lottery Retailing TTV) to SaaS, which is recognised in Lottery Retailing cost of sales and SaaS' internal revenue (Company) respectively;
- Lottery Retailing cost of sales includes the step up in Tabcorp service fees from 1.5% of the subscription costs of tickets in FY21 to 2.5% of the subscription cost of tickets in FY22;
- Lotterywest cost of sales adjustment relates to pro-rated impact of Tabcorp service fee (1.5% of subscription ticket costs) in FY21 and merchant fees;
- The above information has been prepared for the FY22 period only, to aid the reader's understanding due to the transition from one to three operating segments and the transition of WA customers from Lottery Retailing to SaaS.



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