Jumbo 2024 AGM Addresses and Trading Update

Jumbo Interactive Limited's (**Jumbo**) 2024 Annual General Meeting (**AGM**) will be held today at 11:00am Australian Eastern Standard Time (**AEST**). The meeting will be held in a hybrid format, with shareholders able to attend in person at Level 1, 601 Coronation Drive, Toowong and via the AGM platform which can be accessed at https://meetnow.global/MXQCWSD.

The Chair's and CEO's addresses, as well as the direct and proxy votes received in advance of the meeting are enclosed.

A trading update contained in the CEO's presentation is summarised below. The information is based on unaudited management accounts that have not been independently reviewed or verified.

- For the first four months to 31 October 2024, Group Total Transaction Value (**TTV**) and revenue were down 4.9% and 8.1% respectively on the prior corresponding period (**pcp**) mainly due to the subdued jackpot environment.
- Jumbo continues to tightly control its cost base and manage its product portfolio to ensure that the Group EBITDA margin is in line with the previous guidance provided.
- Jumbo is pleased to reaffirm its guidance provided at its FY24 Results Announcement in August 2024.
- Further detail on the trading update including a summary by segment and the reaffirmed FY25 Outlook is set out below.

Lottery Retailing

The large jackpot environment in the first four months of FY25 was relatively subdued, with 14 large jackpots greater than or equal to $15 million, an aggregate division 1 prize value of $440 million, equivalent to an average value per jackpot of $31.4 million, 9.4% below the pcp. There were only two large jackpots greater than or equal to $50 million (three in the pcp).

As a result, Lottery Retailing TTV was down 11.8% impacted by the lower jackpot profile, in particular the skew towards Powerball where the jackpot sequence has not exceeded $30 million since the $100 million jackpot in August. Revenue was 10.3% lower, reflecting an improved revenue margin of 23.2% (22.8% in pcp), mainly due to product mix. Despite the unfavourable run of jackpots, player health metrics remain robust with average TTV per draw for like-for-like jackpots continuing to trend positively for Powerball and stable for OzLotto.

SaaS and Managed Services

SaaS underlying[1] TTV increased 14.2% with revenue up 8.1%. The lower revenue margin of 4.0% (4.3% in the pcp) reflects the revised license fee structures under the extended Mater and Lotterywest SaaS agreements. Pleasingly, both Endeavour and Deaf Connect have extended their SaaS agreements with Jumbo to December 2028 and December 2029 respectively. Both agreements include optionality to further extend at the end of the license period.

Managed Services underlying[1] TTV decreased 8.1% with revenue down 4.5%. The performance reflects broadly flat revenue in our UK business impacted by timing of lottery campaigns and lower revenue in Canada, as customer contracts across the lottery value chain are re-evaluated.
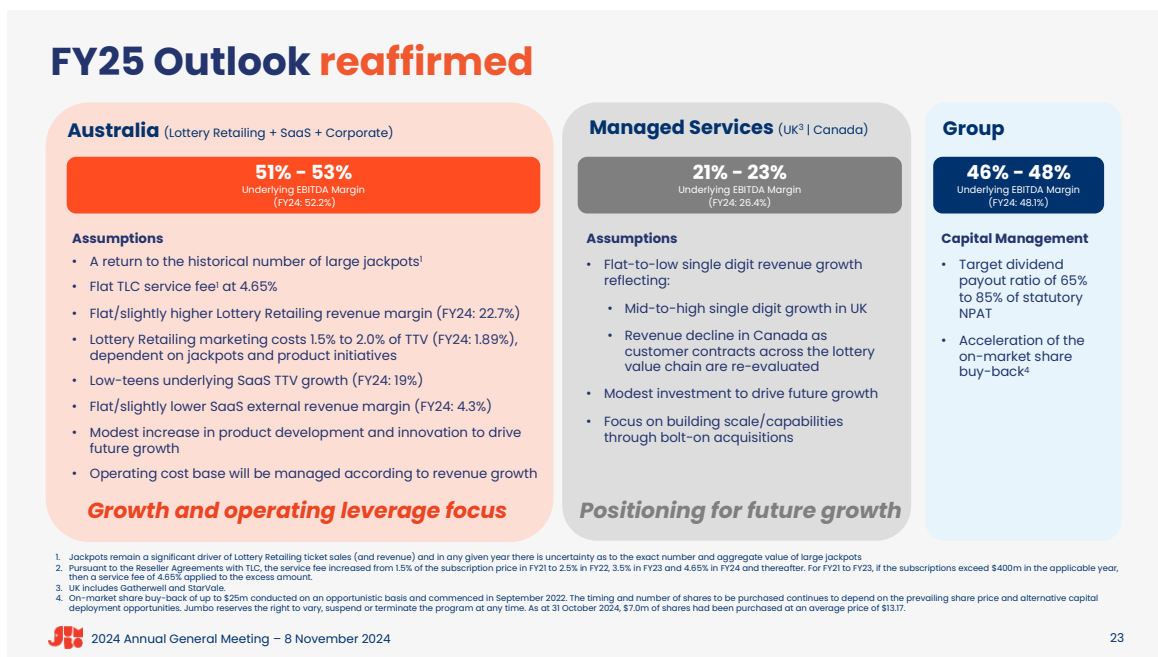
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[1] St Helena Hospice transitioned to StarVale (Managed Services) from May-24 and hence its contribution for the first four months to 31 October 2023 has been removed from SaaS and included in Managed Services.

FY25 Outlook

Jumbo remains on track to deliver its FY25 Outlook as announced at the FY24 Results briefing on 23 August 2024. The underlying EBITDA margin expectations and the underpinning assumptions are summarised below.

FY25 Outlook reaffirmed

Australia (Lottery Retailing + SaaS + Corporate)

51% – 53%
Underlying EBITDA Margin
(FY24: 52.2%)

Assumptions
- A return to the historical number of large jackpots[1]
- Flat TLC service fee[1] at 4.65%
- Flat/slightly higher Lottery Retailing revenue margin (FY24: 22.7%)
- Lottery Retailing marketing costs 1.5% to 2.0% of TTV (FY24: 1.89%), dependent on jackpots and product initiatives
- Low-teens underlying SaaS TTV growth (FY24: 19%)
- Flat/slightly lower SaaS external revenue margin (FY24: 4.3%)
- Modest increase in product development and innovation to drive future growth
- Operating cost base will be managed according to revenue growth

Growth and operating leverage focus

Managed Services (UK[3] | Canada)

21% – 23%
Underlying EBITDA Margin
(FY24: 26.4%)

Assumptions
- Flat-to-low single digit revenue growth reflecting:
  - Mid-to-high single digit growth in UK
  - Revenue decline in Canada as customer contracts across the lottery value chain are re-evaluated
- Modest investment to drive future growth
- Focus on building scale/capabilities through bolt-on acquisitions

Positioning for future growth

Group

46% – 48%
Underlying EBITDA Margin
(FY24: 48.1%)

Capital Management
- Target dividend payout ratio of 65% to 85% of statutory NPAT
- Acceleration of the on-market share buy-back[4]

1. Jackpots remain a significant driver of Lottery Retailing ticket sales (and revenue) and in any given year there is uncertainty as to the exact number and aggregate value of large jackpots
2. Pursuant to the Reseller Agreements with TLC, the service fee increased from 1.5% of the subscription price in FY21 to 2.5% in FY22, 3.5% in FY23 and 4.65% in FY24 and thereafter. For FY21 to FY23, if the subscriptions exceed $400m in the applicable year, then a service fee of 4.65% applied to the excess amount.
3. UK includes Gatherwell and StarVale.
4. On-market share buy-back of up to $25m conducted on an opportunistic basis and commenced in September 2022. The timing and number of shares to be purchased continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the program at any time. As at 31 October 2024, $7.0m of shares had been purchased at an average price of $13.17.

2024 Annual General Meeting – 8 November 2024   23

More information on the AGM, including the 2024 Notice of Meeting, is available on the Jumbo website. If you are unable to join the AGM live, a recording will be made available on the Jumbo website later today.

- Ends -

Authorised for release by the Board of Directors.

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About Jumbo Interactive

Jumbo is a digital lottery specialist, providing our proprietary lottery software platforms and lottery management expertise to the charity and government lottery sectors in Australia and globally. Our mission is to *create positive social impact through making lotteries easier* and our vision is to become the *number one choice in digital lottery and services* around the world.

Jumbo was founded by Chief Executive Officer Mike Veverka in 1995 with a single computer. Since then, it has matured into a leading digital lottery retailer and lottery software provider with over 250 employees across Australasia, the United Kingdom (UK) and Canada. In FY24, Jumbo helped raise over $260 million for good causes for our charity partners. Jumbo was listed on the ASX in 1999.

CHAIR'S ADDRESS – SUSAN FORRESTER

Introduction

Good morning and welcome to Jumbo Interactive's 2024 Annual General Meeting.

I am Susan Forrester, your Chair, and I'm pleased to be providing you with an update on Jumbo's progress today.

As a digital lottery specialist, our mission is to create positive social impact through making lotteries easier. We strive to become the number one choice in digital lotteries and services around the world.

Currently, we provide our proprietary lottery software and lottery management expertise to the government and charity lottery sectors in Australia, the UK and Canada.

In the financial year ended 30 June 2024, we helped more than 15,000 not-for-profit organisations raise over $260 million for good causes.

External operating environment

While inflation has moderated, the operating environment continues to be impacted by relatively high interest rates and cost-of-living pressures.

Lotteries have delivered consistent growth over the long term and have proven to be highly resilient to economic downturns and cycles. In addition, digital penetration continues to trend higher and remains well below levels seen in other countries, particularly Europe.

Labour market conditions and wage pressures have also eased although the demand for digital expertise including Artificial Intelligence skills remains elevated. With almost 50% of our Australian workforce comprising software engineers, product managers and data analysts, it is still very important that Jumbo remains a sought-after employer for top digital talent.

Strategy and financial performance

The 2024 financial year was Jumbo's most successful to date with strong growth across all key metrics.

Helped by a very strong run of large jackpots in Australia, this result reinforces our track record of successfully growing earnings and dividends for shareholders over time.

The Board was pleased to determine a final ordinary dividend of 27.5 cents per share, taking the total ordinary dividend for the year to a record 54.5 cents per share fully-franked, equivalent to a dividend payout ratio of 79% of statutory net profit after tax, towards the top end of our targeted dividend payout ratio range.

We continue to execute our growth strategy of broadening our footprint globally and diversifying the business beyond our reseller relationship with The Lottery Corporation. While the pace of international acquisitions has been slower than anticipated, we are not seeking growth at the expense of value and risk for shareholders.

Our Board

At last year's AGM, we received some proxy advisor and shareholder feedback about the smaller size of our Board compared to similar sized companies in the ASX300.

We have considered this feedback, and subject to approval of shareholders today at the AGM, we propose to confirm the appointment of Michael Malone to the Jumbo Board.

Michael is a valuable addition to our Board and Audit and Risk Management Committee. He brings significant entrepreneurial experience in founding and scaling successful businesses. And he also has his extensive Board experience in high-growth technology companies.

You will have an opportunity to hear more from Michael during the resolution for his election. The Board recommends you vote in favour of the resolution to appoint Michael Malone to the Jumbo Board.

Today, Sharon Christensen is also 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.

Our focus on Governance

As I have said before, strong governance, conduct and ethics are prerequisites for doing business in a regulated industry like ours.

Especially when working with charities across multiple jurisdictions.

There has been heightened scrutiny of the Australian gaming industry over the past few years.

We are pleased lotteries are exempt from the ban on using credit cards for online gambling and the ban on advertising of online gambling. These exemptions reflect the understanding that lotteries pose a very low risk of societal harm relative to other gaming products, and actually create positive social impact.

In today's inter-connected world, a key priority for the Board is managing the risks related to data protection, privacy and cybersecurity as well as the emerging risks from new technologies, artificial intelligence and innovation.

The Board is also focused on compliance with the workplace reforms that have been implemented in Australia in 2024.

Jumbo's remuneration framework is in its third and final year and will be reviewed in FY25.

The Board's review will consider feedback from all stakeholders, including shareholders and proxy advisors. Our goal is to have remuneration practices that are:

- fair and reasonable,
- aligned with industry standards, and
- will attract and retain capable senior executives to execute our growth strategy.

Our Leadership

We have had some renewal of our leadership this year. After a comprehensive recruitment process that considered both internal and external candidates, Jatin Khosla was appointed to the role of Chief Financial Officer (CFO). Formerly the Head of Investor Relations at Jumbo, Jatin's promotion demonstrates the strength of our team and our commitment to nurturing internal talent.

We also welcomed Tam Watson and Marina Avisar to the regional leadership teams in the UK and Canada respectively.

Tam and Marina strengthen our regional leadership team and will be instrumental in driving growth and optimising business performance. In light of these changes, we have streamlined our senior leadership group into an executive leadership team. We believe the new operating structure drives clearer accountabilities and will result in improved strategy execution.

Our People

This year, Jumbo's operations in Australia and the UK were both awarded Great Place to Work certifications.

This is a huge highlight for us because we believe our workplace culture is critical to our success. It's how we attract and retain the most talented and collaborative people!

We want a unified and dynamic culture in all our workplaces and have aligned our people processes across Australia, the UK, and Canada to build it. By drawing on the diverse strengths and perspectives of our international teams, we are fostering a culture built on collaboration, continuous improvement, and mutual support.

Our streamlined executive leadership team has been instrumental in shaping this culture and enhancing leadership presence across the organisation.

The next step is to invest in professional development, employee wellbeing, and engagement. I should note that over the past year, Jumbo University, our transformative learning and development platform has flourished. It now supports continuous learning and career development in-house.

We take great pride in our recent industry recognition for excellence in Candidate Experience and Learning & Development, which highlights our industry-leading approach to talent acquisition and skills development.

Sustainability

Jumbo is a socially responsible and sustainable business.

We were pleased to retain our Climate Active carbon neutral certification and reduced our total absolute emissions by 18% in FY23.

We enhanced our supplier protocol to ensure we are screening suppliers for ESG risks, including modern slavery, and introduced compulsory modern slavery awareness training to all employees.

As a Board, we oversee investments and projects to help protect our data and systems.

We have achieved greater than 40% female representation across the Group in FY24 and in FY25 aim to increase the number of women in technical roles. This will require pathways and support systems internally and externally to support women to choose a technical career path and to encourage those already in the industry to join Jumbo.

Our ElevateHer program enhances leadership skills and influence through executive coaching, tailored workshops, and a dedicated women's support network.

Conclusion

After such a successful year, I would like to thank all the members of the talented Jumbo team for the energy and focus they bring to their roles every day, and for fostering our vibrant, collaborative and innovative culture.

I thank my fellow Directors, our Managing Director, CEO and Founder Mike Veverka and his executive team for their ongoing leadership and passion for Jumbo.

And it is worth saying it again: our mission at Jumbo is to create positive social impact through making lotteries easier.

Together we have helped more than 15,000 not-for-profit organisations raise over $260 million for good causes this year alone.

Our shareholders have every right to feel proud of their company and I thank them for their support.

Thank you.

MANAGING DIRECTOR, CEO AND FOUNDER'S ADDRESS – MIKE VEVERKA

Thank you Sue and good morning everyone.

Welcome to the 2024 Jumbo Interactive Annual General Meeting. It was just a few weeks ago, we celebrated 25 years of being listed on the ASX. It's hard to believe how Jumbo has grown over the years, from humble beginnings as an e-commerce company trying our hand at selling various products to a digital lottery specialist that now has over 250 employees, over 4 million active players and last year surpassed $1 billion in annual ticket sales.

We are fortunate to be in an industry with strong long term growth dynamics. Lottery games provide a responsible player experience while continuing to contribute valuable funds for government and good causes. This dynamic continues to drive player participation and the lottery industry to new heights. A further development we are seeing is the increased participation of a younger demographic in lottery games which drives additional growth in the digital sector which is where we operate.

When we started selling lottery tickets, the digital channel for lottery tickets was virtually zero. Fast forward to today and the digital channel has grown to 41%. We now sell more tickets in a single large Powerball draw than we did in an entire year all those years ago. As a strong growth driver for Jumbo, at 41% digital penetration is still below the levels seen in other countries and well below other industries such as online banking, music, accommodation, housing and car sales. This is a clear indicator of the strong tailwind driving growth over the longer term.

The sustainable nature of lottery growth is reliant upon minimising player harm. Healthy players lead to a healthy industry. This naturally leads to short term ebbs and flows in player activity as participation rates decrease following periods of large jackpot activity as we saw in 2024. Eventually the cycle returns at a sustainable pace.

Lottery sector developments

Just a couple of weeks ago, I attended the World Lottery Summit in Paris. The event occurs every two years and provides a unique opportunity for representatives from the lottery industry to connect and share learnings and best practice. This year, there were over 1,200 representatives from over 200 lotteries in attendance with the theme of "impacting society together".

Key themes from this year's summit related to the ongoing digitisation of lotteries and the use of Artificial Intelligence; the imperative to make lottery more engaging for our younger generations, and how lotteries remain a force for good, and critical in raising funds for our communities and good causes.

As a pure-play digital lottery specialist, Jumbo remains exceptionally well positioned for the future.

FY24 key highlights

I'll now turn to the key highlights from FY24. During last year, we showcased our ability to engage with our player base during periods of large jackpots, delivering our most successful year to date. This contrasts with the previous year where our nimble operating model proved its worth and good cost discipline helped offset the natural ups and downs of jackpots.

Our SaaS segment continued the positive momentum with new partnerships with the RSPCA and MS Queensland along with a 4-year extension to our Lotterywest partnership.

With a growing business, we had to really manage our cost base and we did a great job finding the right balance between cost efficiency and reinvestment for growth.

And lastly on capital, we maintained a strong capital position with available funds of approximately $60 million and entered into a new debt facility which effectively structures our capital position for maximising shareholder value and provides incremental flexibility and liquidity should we need it.

Key metrics

We achieved significant growth across all key metrics.

Group TTV and revenue were up 24% and 34% respectively, while underlying earnings and profit both increased by approximately 30%.

Free cash flow was up 14% highlighting the strong capital generative nature of the business and we delivered a record 54.5 cents per share fully franked dividend, up 27% on the prior corresponding period.

Growth and diversification over time

Our first priority will always be to keep growing our Australian business well beyond the 2030 renewal date for our reseller agreements with The Lottery Corporation. We'll do this by continually innovating our player experience and continuing to make OzLotteries a fun, safe and exciting place to play not only the Powerball, OzLotto and charity games, but also for the first time Jumbo's own proprietary games and programs.

We continue to attract a younger cohort of lottery players. 71% of our OzLotteries active player base is under 50, with the 18 – 43 age group category representing 59%. This cohort is yet to hit their peak spend. As we have seen time and time again, as these players go through the typical life stages of getting a mortgage and having a family, they will tend to spend more on lotteries and less on other gambling products.

Last week, we held our inaugural UK customer forum in London, attended by our five largest UK charity clients. The forum was a great opportunity to connect with our clients, discuss the charity lottery sector in the UK, share learnings and discuss how we can help grow and optimise their lottery programs. A key highlight was the Mater Foundation, the first charity client to use our lottery platform, sharing their digital transformation journey to become one of the largest and fastest growing charity lotteries in Australia.

While the adoption of digital sales channels for charitable lotteries in the UK has been slower than anticipated, it is clear that many of our clients were encouraged by Mater's journey and there is a general willingness to adopt digital more broadly. It is also clear, that Jumbo needs to take a more proactive role in driving this shift.

We will continue to pursue M&A opportunities that either help build scale in our targeted regions or add complementary capabilities and propositions that drive growth. In doing so, we are open to acquiring higher growth, more technology-enabled businesses in the B2C space.

Digital lottery innovation

Initially, we focused on developing a platform to manage very high volumes compressed into a short time frame, for example, just before a large draw.

This extended to creating a best-in-class player experience—improving the player interface, maximising convenience, minimising friction, and leveraging data and analytics to drive personalisation at scale. This included key features such as personalised number pages, autoplay, Lotto party, and the inclusion of charity games, to name a few.

Today, we are focused on enhancing the player experience even further by creating new ways to play and more ways to win. Firstly, through the launch of Splash for Good, the first OZL exclusive charity lottery game and, secondly, through Daily Winners, our OZL loyalty program.

Daily Winners launched in September 2023 and is designed to surprise, delight, engage, and reward our players. This program provides members access to benefits, including discounts at select retailers in various categories, such as groceries, technology, and white goods. These savings and benefits enhance the overall value proposition for our players, making everyday purchases more affordable and rewarding.

Although we have only been operational for just over 12 months, Daily Winners is still in its early days in the loyalty program world. However, we are pleased to be seeing some positive indicators from the playing activity of newly acquired players who join Daily Winners, showing a higher month 1 retention and, in general, our Daily Winners members representing a grouping of more frequent lottery game players.

Based on player feedback, we launched a Daily Winners premium tier in August 2024, offering exclusive benefits to this new membership tier. We will continue to expand our exclusive benefits and rewards, providing even greater value to our Premium Tier members for their monthly membership fee.

Daily Winners gives us more opportunities to talk to our players using our own content, with six times more content published on social media channels in September 2024 than March 2023. This is an important development for Oz Lotteries and our ongoing engagement with our ever-growing player base as it provides us with greater flexibility in our marketing and begins to lessen, but not remove, the direct relationship between jackpot levels and marketing activity.

Artificial Intelligence (AI)

Jumbo is a technology company, and being at the forefront of emerging technologies has always been a core part of our strategy.

Our success has been built on our commitment to early adoption, allowing us to leverage technological advancements to enhance our offerings continually. In the realm of artificial intelligence, we have substantial expertise that spans many years.

Our dedicated AI team is utilising multiple large language models to advance our products and services, keeping us at the forefront of the industry. To demonstrate our AI capabilities firsthand, we invite you to explore our AI-powered Annual Report chatbot at jumbointeractive.ai.

This tool enables you to ask any questions about our Annual Report, providing concise, automated summaries in response. We believe this is an industry first, highlighting the practical applications of the technology we're developing, with future potential for our lottery programs. We hope you find it useful and a real time-saver.

Trading update

Lottery Retailing

The large jackpot environment in the first four months of FY25 was relatively subdued, with 14 large jackpots greater than or equal to $15 million, an aggregate division 1 prize value of $440 million, equivalent to an average value per jackpot of $31.4 million, 9.4% below the pcp. There were only two large jackpots greater than or equal to $50 million, with three in the pcp.

As a result, Lottery Retailing TTV was down 11.8% impacted by the lower jackpot profile, in particular the skew towards Powerball where the jackpot sequence has not exceeded $30 million since the $100 million jackpot in August. Revenue was 10.3% lower, reflecting an improved revenue margin of 23.2% (22.8% in the pcp), mainly due to product mix. Despite the unfavourable run of jackpots, player health metrics remain robust with average TTV per draw for like-for-like jackpots continuing to trend positively for Powerball and stable for OzLotto.

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Managed Services underlying TTV decreased 8.1% with revenue down 4.5%. The performance reflects broadly flat revenue in our UK business impacted by timing of lottery campaigns and lower revenue in Canada, as customer contracts across the lottery value chain are re-evaluated.

Group

Overall, at a Group level, for the first four months to 31 October 2024, Total Transaction Value and revenue were down 4.9% and 8.1% respectively on the prior corresponding period, mainly due to the subdued jackpot environment.

FY25 Outlook

Despite the subdued jackpot environment to date, we are managing our cost base to ensure that the Group EBITDA margin is maintained in line with our previous guidance. The ups and downs of jackpot cycles are not new to us, and we are fortunate to have a nimble operating model where we can adjust our cost base and product portfolio, as we did in FY23 when overall lottery ticket sales were down on the pcp.

Today, we are reaffirming our Outlook for FY25.

Conclusion

Whether it's the prospect of changing your life, or a form of fun or entertainment, or just the fear of missing out, people continue to play lotteries.

The underlying growth of lotteries has been underpinned by changes in demographics and game design with lotteries delivering consistent growth over the last 20 years.

Digital penetration has increased to nearly 41% from 9% a decade ago and we expect it continue in line with other countries.

With our 1.1 million active players - it's a simple philosophy, the more active players we have on our platform, the more we can engage with them and continue our growth.

International expansion – we've established ourselves in the UK and Canada. We have installed strong leadership and have set the foundations for growth.

We've uncovered new revenue opportunities such as our SaaS partnerships, Splash for Good and the Daily Winners Premium Tier.

And lastly, our X-factor, a long list of innovations that keeps growing. Just as autoplay, Lotto Party and apps kept us ahead of the competition in the early days, Daily Winners and AI powered features will keep us ahead in the future.

Before I conclude my presentation, I would like to take this opportunity to thank our staff here in Australia, the UK and Canada for their hard work and commitment every day. Finally, I would also like to thank you, our shareholders, for your ongoing support as we continue to grow the business and aspire to be the number one choice in digital lottery and services globally.

I'll now hand back to Sue.

DIRECTOR & PROXY VOTES RECEIVED IN ADVANCE OF THE AGM

Direct & proxy votes	FOR		AGAINST	
	No. of votes	% of votes	No. of votes	% of votes
1. Re-election of Director – Professor Sharon Christensen	37,135,663	98.22%	465,699	1.23%
2. Election of Director – Michael Malone	37,527,269	99.27%	72,932	0.19%
3. Remuneration Report	28,544,764	98.37%	268,694	0.93%
4. Issue of STI Director Rights to Mike Veverka	28,476,456	98.17%	326,487	1.13%
5. Issue of LTI Director Rights to Mike Veverka	28,496,979	98.24%	305,964	1.06%