JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES

(ABN 66 009 189 128)

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2022

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 2021 to 30 June 2022
Prior corresponding period:	1 July 2020 to 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the period ended 30 June:

	Consolidated Group Financial Year			
	2022	**2021**	**Change**	**Change**
	$'000	**$'000**	**$'000**	**%**
Revenue from operations	104,251	83,319	Up 20,932	Up 25.1
Earnings before interest, tax, depreciation and amortisation	54,045	47,276	Up 6,769	Up 14.3
Earnings before interest and tax	45,303	39,037	Up 6,266	Up 16.1
Profit after tax from operations attributable to members	31,176	26,959	Up 4,217	Up 15.6
Total comprehensive income for the period attributable to members	30,401	27,208	Up 3,193	Up 11.7

DIVIDENDS

On 26 August 2022, Directors declared a final fully franked ordinary dividend of **20.5 cents per share** (2021: 18.5 cents) that will be paid on ordinary shares making a total fully franked ordinary dividend of **42.5 cents per share** (2021: 36.5 cents) as follows:

- Record date: 2 September 2022
- Payment date: 23 September 2022

The Company has no Dividend Reinvestment Plan at present.

NET TANGIBLE ASSETS

	Consolidated Group Financial Year	
	2022	**2021**
Net tangible assets[1] (**NTA**) ($ 000)	45,416	45,751
Number of shares (millions)	62.8	62.4
NTA per ordinary share (cents)	72.3	73.3

[1]The right-of-use assets and related lease liabilities under AASB 16 *Leases* are included in the NTA calculations above.

CONTROL GAINED OVER ENTITIES

On 1 June 2022, the Group acquired 100% of Stride Management Corp. (**Stride**), a Lottery Project Manager based in Canada. Stride contributed $80,000 profit after tax to the Group's consolidated profit from ordinary activities during the year ended 30 June 2022.

LOSS OF CONTROL OVER ENTITIES

On 30 June 2022, the Group disposed of its 100% interest in Intellitron Pty Ltd (**Intellitron**), a payroll software business. Intellitron contributed $351,000 profit after tax to the Group's consolidated profit from ordinary activities during the year ended 30 June 2022 (2021: $258,000)

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 2022 is attached.

SIGNED

Susan Forrester
Chair of the Board

Mike Veverka
Chief Executive Officer and Executive Director

Brisbane
26 August 2022

Annual Report

JUMBO INTERACTIVE LIMITED

2022

JUMBO

Jumbo Interactive Limited
ABN 66 009 189 128

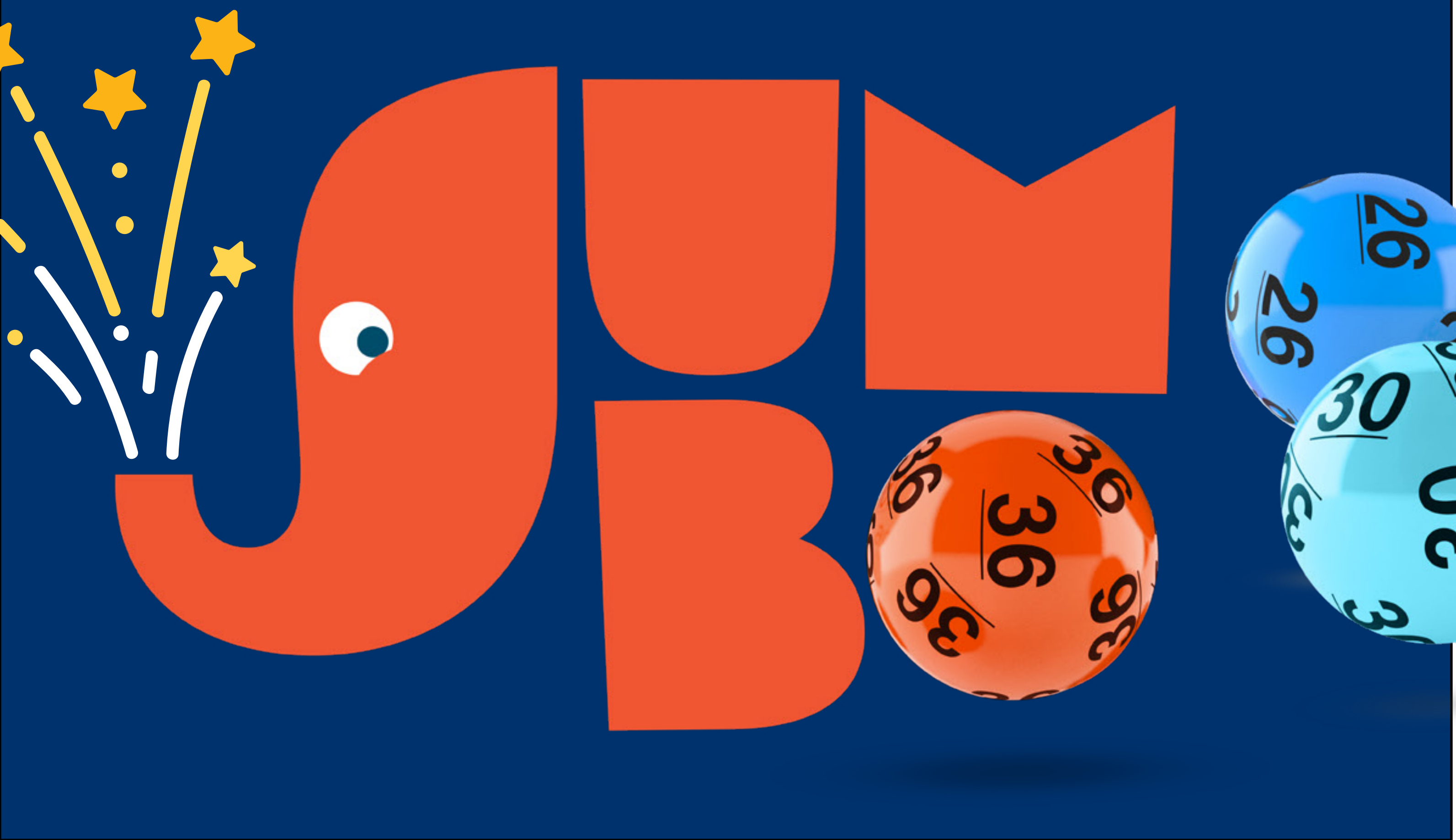
Welcome to the Jumbo Interactive 2022 Annual Report

Jumbo would like to acknowledge the Turrbal and Yugara People, the traditional custodians of the land on which our business operates. We pay our respects to elders past, present and emerging. We would also like to extend our respect to any Aboriginal or Torres Strait Islander people engaging with this report. Jumbo would also like to acknowledge the territories of the Blackfoot Confederacy, including the Siksika, Piikani and Kainai Nations; the Stoney-Nakoda; and the Tsuut'ina Nation, land on which our subsidiary business, Stride Management, operates.

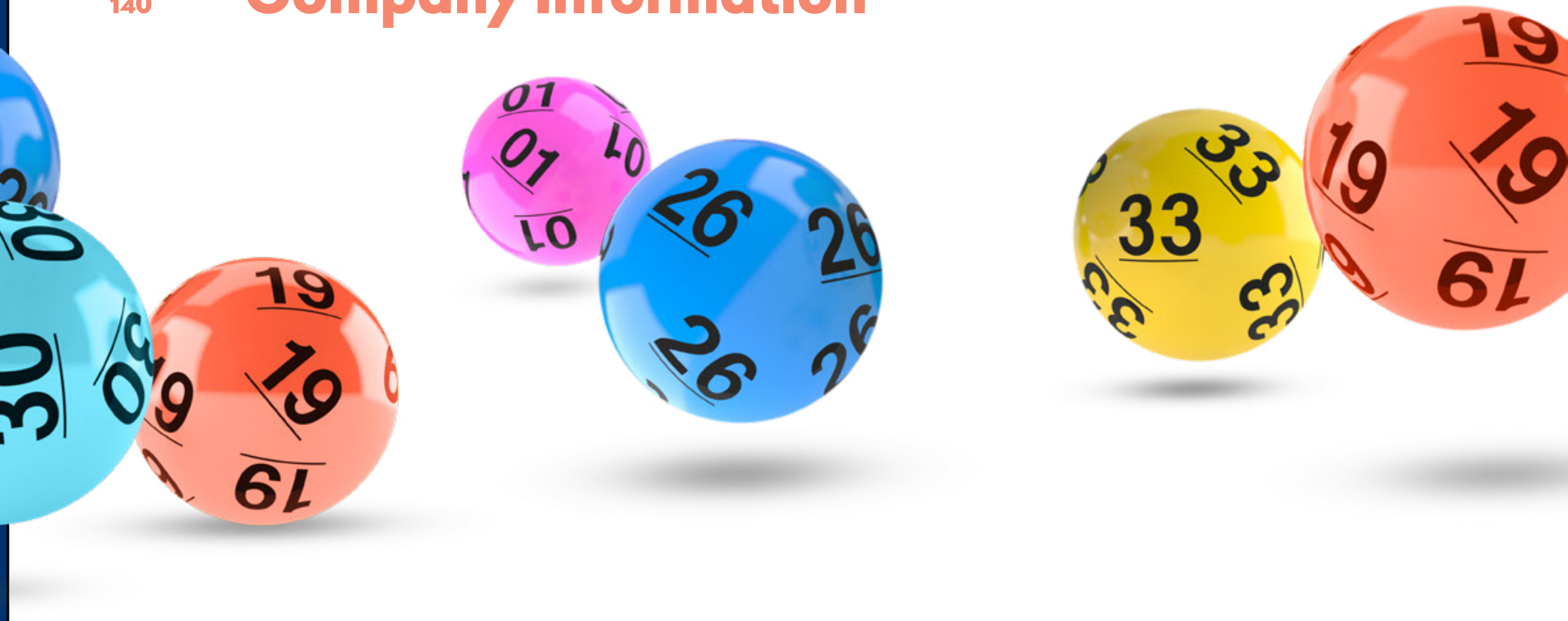
About this report

The Jumbo Interactive Limited (Jumbo) FY22 Annual Report provides key information about our financial, non-financial and sustainability performance for the reporting period of 1 July 2021 to 30 June 2022. Certain relevant events that have occurred after the end of this reporting period but before publication of the Annual Report have also been included. For a holistic view of Jumbo's performance, this report should be read in conjunction with the following reports available on our website:

Sustainability Report | Investor Presentation | Corporate Governance Statement



Contents



About Jumbo

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

Our mission is to **make lotteries easier** and our vision is to become the **number one choice in digital lottery and services around the world.**

Our innovative and player-centric approach to digital lotteries and online retailing make us the platform of choice for more than 3 million active players and more than 10,000 good causes.
Our platform and superior player experience is scalable and caters for causes ranging from local causes to large state and provincial lotteries.

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

Jumbo is an ASX300 company operating in Australasia, the United Kingdom (UK) and Canada, with three distinct operating segments underpinned by our proprietary lottery software platform and over 25 years of proven lottery management expertise.

Lottery Retailing [1]

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

Software-as-a-Service

We licence our 'Powered by Jumbo' digital lottery platform as a SaaS solution to government and charity lottery operators in Australia and globally.

Managed Services

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

[1] Jumbo is an authorised reseller of lottery tickets via an agreement with The Lottery Corporation. In August 2020, Jumbo extended its long running re-seller agreement with The Lottery Corporation 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 FTE) and Western Australia (where Jumbo has entered into a SaaS agreement to provide our proprietary lottery software platform and services for up to 10 years). The trademarks are licensed to Jumbo under the agreement with The Lottery Corporation.

Financial highlights

TTV
$659.9M
▲ 35.5% YOY

ACTIVE PLAYERS[1]
3.1M
▲ 70.6% YOY

REVENUE
$104.3M
▲ 25.1% YOY

UNDERLYING EBITDA
$55.1M
▲ 12.6% YOY

FREE CASH FLOW[2]
$38.2M
▲ 33.3% YOY

UNDERLYING NPAT
$32.2M
▲ 13.6% YOY

CASH BALANCE
$68.9M
▼ (9.2%) YOY

DIVIDEND DECLARED
42.5CPS
▲ 16.4% YOY

[1] Players that made a purchase over the 12 months to 30 June 2022
[2] Cash flow from operating activities less cash flows for investing activities, excluding cash used for acquisitions of, and investments into, businesses and strategic assets

Message from Chair

Dear shareholder

When I wrote to you last year, I had been in the role for just under a year and Jumbo had made great progress in expanding the business beyond Lottery Retailing into our Software-as-a-Service and Managed Services operating segments. At the time, we were still grappling with the uncertainty stemming from COVID-19, including ongoing lockdowns and border closures, unprecedented government stimulus, historically low interest rates and benign inflation.

Susan Forrester AM

Chair & Non-Executive Director

Fast forward a year and the macroenvironment has shifted dramatically: inflation has emerged as a key issue globally and central banks have responded by raising interest rates; equity markets have fallen considerably and been subject to significant volatility; and valuations, particularly for technology companies, have been adversely affected. Against this backdrop, Jumbo continues to execute on its strategy with another strong Lottery Retailing result and the acquisitions of Stride in Canada and StarVale in the United Kingdom[1] (UK).

Strategy

Following the reopening of international borders, it was pleasing to see our senior leadership team come together in person in March this year for our annual Board Strategic Retreat, at which we developed a comprehensive growth strategy and outlined the priority markets for growth with a highly engaged and motivated leadership team focused on execution. We completed the acquisitions of Stride in June 2022 and anticipate regulatory approval for StarVale by the end of Q1FY23. Stride provides us with a foothold in the Canadian market to expand further, while StarVale adds to the acquisition of Gatherwell and helps build scale in the UK charity lottery market. We also held our first investor day in June this year where we provided a detailed update on our strategy and our shareholders heard first-hand from the executive leadership team.

Performance

Jumbo has performed strongly in FY22 despite the uncertain macro environment, delivering double-digit growth in ticket sales, revenue and earnings. As a result of this strong performance, the Board has declared a final ordinary dividend of 20.5 cents per share, bringing the total dividend for FY22 to 42.5 cents per share, fully franked. This reflects a dividend payout ratio of 85.1% of statutory Net Profit After Tax (NPAT).

Capital management

The Board continuously reviews and assesses Jumbo's capital-management framework in the context of the organic capital generation of the business, future capital requirements, balance-sheet strength and the desire to provide long term value to shareholders.

Historically, Jumbo's dividend policy has been to pay 85% of statutory NPAT to shareholders as ordinary dividends. As previously announced, following the completion of the StarVale acquisition, the Board has resolved to adjust the targeted dividend payout ratio to a range of 65% to 85% of statutory NPAT. This will enhance Jumbo's flexibility to acquire and repay debt while maintaining a satisfactory dividend to shareholders and takes effect from FY23.

[1] Pending regulatory approval, expected by the end of Q1FY23

> **"Jumbo has performed strongly in FY22 despite the uncertain macro environment, delivering double-digit growth in ticket sales, revenue and earnings."**

Lottery-sector developments

Jumbo is a global leader in digital draw-based lottery games which deliver solid and consistent long-term growth and have proven highly resilient to recessions. Over the course of the year, we observed heightened interest in lotteries as an asset class. This was driven by the potential ASX listing of Scientific Games' lotteries business and subsequent trade sale to Brookfield, and Tabcorp's recent demerger of its lotteries business. As a pure-play digital lottery specialist, we believe these developments drive a deeper understanding of lotteries as an asset class – an outcome that is fundamentally positive for the domestic lottery sector.

Corporate governance

The Board understand the importance of effective corporate governance in Jumbo's ongoing success. I joined the Board in September 2020 with a mandate to support our international expansion by strengthening our governance foundations and frameworks. Strong governance foundations, conduct, and ethics are prerequisites for existing and prospective clients and partners to do business with us. We will ensure all enhancements to our governance framework meet the expectations of our key stakeholders and the regulatory requirements in each new jurisdiction.

The Board has closely followed the recent enquiries into the casino sector and discussed the findings, to understand what went wrong and why. While Jumbo operates in a very different part of the market, we have considered how these governance lessons apply to our company and ensuring we have the checks in place to avoid similar behaviours and mistakes.

The Board conducts annual reviews of its own performance and reviews its skill set regularly. The review findings are that we do work cohesively and respectfully with management, while providing sufficient challenge and keeping them firmly accountable for optimal performance.

Sustainability

As a Board, we believe it is our role to take a longer-term view than executives on Environmental, Social and Governance (ESG) topics. In November last year, we established a Sustainability Council composed of senior leaders from across Jumbo. As part of its mandate, the Sustainability Council engaged with a broad range of internal and external stakeholders and completed our first ESG materiality assessment to identify the topics that matter most for our business. The Sustainability Council is now responsible for the implementation of our sustainability program of work and reports directly to the Board each month.

As part of this, we have identified our five sustainability priorities and set specific targets and timeframes for each, including committing to being carbon neutral in Australia by 30 June 2023 and becoming a signatory to HESTA's 40:40 vision. Specific sustainability targets have also been included as part of the FY23 short-term incentive plans.

As a fast-growing technology company, people are our most valuable asset. COVID-19 has had a profound psychological impact on staff as they re-evaluate their careers and prioritise other aspects of their life. This trend, combined with a very competitive labour market, strong demand for digital expertise, and above-average wage inflation, has led to elevated turnover across our workforce. In response, we have reviewed our employee value proposition; invested in our talent; and actively promoted diversity, equity and inclusion.

Earlier this year, the People and Culture Committee engaged an independent remuneration consultant to ensure that our executive remuneration framework attracts and retains talent, aligns with Jumbo's strategy, fosters culture and behaviours that support growth, and drives long-term value creation for our stakeholders. Further detail on the new remuneration framework is reflected in this year's Remuneration Report.

We are very pleased to release our first Sustainability Report (FY22) and provide additional disclosure on the key ESG topics impacting our business. This report outlines our commitment to being a socially responsible and sustainable business that delivers value for all our stakeholders. This is a serious and ongoing commitment to Sustainability and we look forward to providing updates on our progress.

Thank you

On behalf of the Board, I would like to sincerely thank all our clients, partners and shareholders for their trust and ongoing support. I would also like to convey my appreciation to the entire Jumbo team who have an unrelenting focus on delivering an unrivalled player experience and have been instrumental in delivering yet another strong result. The Board remains very excited about the future of Jumbo and the growth potential of our best-in-class software to make lotteries easier for 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
Independent Non-Executive Director
LLB (Hons), LLM, GAICD

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

Message from CEO and Founder

Dear shareholder

At Jumbo we are on a mission to make lotteries easier – easier for our clients and easier for our players – and remove the complexity involved in running a lottery. By staying true to our mission, we will continue to drive growth and become the number one choice in digital lottery and services globally.

In FY22, Jumbo delivered another record profit, fully operationalised our first UK SaaS client, expanded our international footprint with the acquisitions of Stride in Canada and StarVale[1] in the UK, launched a new Managed Services client in LifeFlight Australia, enhanced the senior leadership group to ensure we have the capabilities to successfully execute on our growth strategy, and established a Sustainability Council to develop and implement our sustainability program of work.

Strategy

We have a clear growth strategy and FY22 has simply been about execution. We are very pleased to have completed our acquisition of Stride in Canada and anticipate regulatory approval for StarVale in the UK by the end of Q1FY23. Together, these businesses will add approximately 1.6 million active players to our platforms. Active players are a key metric for us: our North Star. The more active players we have on our platform, the more we can grow. We use our digital skills to continuously improve player experience, engaging players and keeping them active – in turn, satisfying our lottery partners and minimising our contract risks. We see a substantial opportunity for Jumbo to grow in our priority markets of Australia, the UK and Canada.

Lottery Retailing

In Australia, the Lottery Retailing segment delivered another strong result, supported by an improved jackpot cycle. The FY22 result benefitted from a record $120 million Powerball in February – the first jackpot greater than $100 million since September 2019. This strong result was underpinned by a significant increase in new and active players arising from increased digital penetration and successful player engagement and retention initiatives.

Over the last two decades, lotteries – particularly draw-based games – are an asset class that has proven highly resilient to recessions and delivered solid and consistent growth. In fact, as a proportion of overall household spend, lotteries have remained relatively stable over the long term.

SaaS

Our SaaS segment is growing strongly with all our clients fully operational on the Powered by Jumbo (PBJ) platform. Our relationship with Lotterywest in Western Australia continues to go from strength to strength with jointly funded marketing having commenced in May. We continue to work closely with Lotterywest to enhance the digital offering in that state. In the UK, we operationalised our first UK client: St Helena Hospice. Jumbo is now well positioned to benefit from several other hospice-sector lotteries looking to replatform over the next few years.

We continue to closely monitor iLottery developments in the United States (US); however, this remains an under-developed segment of the market with the pace of iLottery adoption slower than anticipated. Currently, only 14 states have iLottery operational or have passed legislation for iLottery. Our preferred entry into this market remains via a strategic partnership.

Managed Services

Gatherwell in the UK delivered another strong FY22 result through its laser-like focus on the micro-lottery sector and good causes. There remains a substantial growth runway for Gatherwell to increase its market share of schools and Local Government Authorities and expand into adjacent sectors and new geographical markets. In Australia, we have signed a new client agreement with LifeFlight Australia and are proud to be associated with this worthwhile charity.

A blueprint for acquisitions

With the acquisitions of Stride complete and StarVale not far away, our immediate focus is ensuring we integrate these businesses as effectively and efficiently as possible. A number of our senior management team have already visited Stride and StarVale, and vice versa, to ensure we are aligned on the integration goals, principles and approach. Aside from both businesses being a strong cultural fit with Jumbo, they have performed impressively throughout FY22 and have strong track records of performance. We welcome everyone from Stride and StarVale into the Jumbo family and are very excited about the opportunities ahead .

Leadership

From 1 July 2022, Richard Bateson transitioned from the role of Chief Commercial Officer to the role of International Lottery Advisor, reporting directly to me. With a strong Senior Leadership Group now in place, I will devote more time to international opportunities and work closely with Richard to explore all prospects. While success in international markets is one of Jumbo's top priorities, I want to make sure all deals are structured in a manner that drives long-term profitability for all partners. Following a hiatus due to COVID, the World Lottery Summit will return in October 2022 and the Jumbo team will attend to enthusiastically pitch our services to the global lottery industry. I'm also pleased to announce the appointment of Abby Perry to the role of Chief People Officer. People and culture sits at the heart of our mission and strategy, and Abby will continue to drive the key elements of our people strategy and operations.

"We have a clear growth strategy and FY22 has simply been about execution."

Sustainability

While lotteries are technically classified as a gaming product, they carry far less risk of harm than other forms of gaming such as sports betting, slot machines and online casinos. The risk is even lower for charity lotteries where players are motivated by supporting good causes and the frequency of draws and pay outs are lower than for commercial lotteries. In FY22, Jumbo helped our partners raise approximately $200 million for community benefit[2].

As a software business, our people and culture are critical to our success. Over several years, we have been able to nurture a very strong, sought-after culture that has served us well in the current labour market. In FY22, approximately 40% of vacant roles were filled by internal promotions; Jumbo was certified as a Great Place to Work with more than 90% consensus among employees; we launched our Diversity, Equity and Inclusion policy; achieved 39% female representation across the Group; and our Flexible Work Policy resulted in approximately 65% of staff working remotely.

Back in 2018, I had the honour to launch the "Women in Lottery Leadership" programme with Rebecca Paul (President of the World Lottery Association). This program is designed to drive high performance growth by supporting the advancement of women in top positions on lottery management, leadership and responsibility. As our Chair has mentioned in her message to shareholders, this year we established a Sustainability Council to prioritise our sustainability agenda and program of work. Our progress to date is captured in our first ever Sustainability Report available on our website.

Thank you

I would like to thank all our employees for their continued hard work and dedication to Jumbo. Our clients also deserve enormous credit for their vision and trust in Jumbo to power their digital future. Finally, I wish to also thank the Board for their guidance and support in helping Jumbo prepare for the significant opportunities ahead.

Mike Veverka
Chief Executive Officer
and Founder

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

Mike Veverka

Chief Executive Officer & Executive Director

[1] Pending regulatory approval, expected by the end of Q1FY23
[2] Return to cause funds raised by our charity partners, excluding state based lottery taxes from Lotterywest and The Lottery Corporation

Senior Leadership Group

Executive key management personnel

Mike Veverka
Chief Executive Officer and Founder

Brad Board
Chief Operating Officer, joined May 2001

Xavier Bergade
Chief Technology Officer, joined January 2000

David Todd
Chief Financial Officer, joined October 2007

Abby Perry
Chief People Officer, joined September 2016

Group leads

Angie Cheung
Head of Finance

Michael Driver
Head of Sales & Marketing

Patrick Gordon
Head of Growth

Rick Hansen
Head of IT Infrastructure

Colin Hilli
Head of Product

Lauren Hook
Head of Risk, Compliance & Internal Audit

Jatin Khosla
Head of Investor Relations

Chris Perry
Head of Engineering

Tiffany Rose
Head of Legal

Business leads

Nigel Atkinson
Commercial Director UK & Europe

Dean Faithfull
President - Stride

Phil Wright
General Manager Gatherwell

Levi Putna
General Manager Oz Lotteries

Strategy

Our strategy

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

- **Maximise**: We need to maximise the significant value we've already created in our Australian Lottery Retailing segment.
- **Replicate**: In the short to medium term, we intend to replicate the product and services model proven in Australia into new jurisdictions around the world, leveraging our best in class lottery software and lottery management expertise.
- **Diversify**: In the medium to long term, we seek to diversify into new markets and adjacent products, creating new revenue streams.

Our operating model comprises three distinct operating segments with clear value propositions in their targeted markets. Jumbo's aspiration is to grow our relatively nascent SaaS and Managed Services segments to rival that of Lottery Retailing over time.

Successful execution of our strategy will deliver value for our key stakeholders.

A clear strategy and operating model to deliver sustained growth

Our Mission and Vision

Making Lotteries Easier by being
The number one choice in digital lottery and services

Strategic pillars

Maximise
Our product and services attain more market share and create shareholder value

Replicate
Our product and services model in the markets we enter to ensure we maximise scalability and profitability

Diversify
Into new products and services allowing us to improve and seize market opportunities

Three operating segments

Three distinct operating segments servicing the full lottery management value chain

Lottery Retailing
Selling lottery tickets through the internet and mobile devices

Software-as-a-Service
Licensing our 'Powered by Jumbo' SaaS lottery platform to government and large charity lottery operators

Managed Services
Providing our lottery platform as well as lottery management services to effective charities and worthwhile causes that are looking to establish a lottery program or enhance an existing program

Core capabilities

Lottery management excellence
Exceptional player experience | Continual innovation | Scalable

Best in class lottery software
Standardised and simplified platform driving scale | High standards of performance and reliability | Complemented by modern technology and integrations

Outcomes

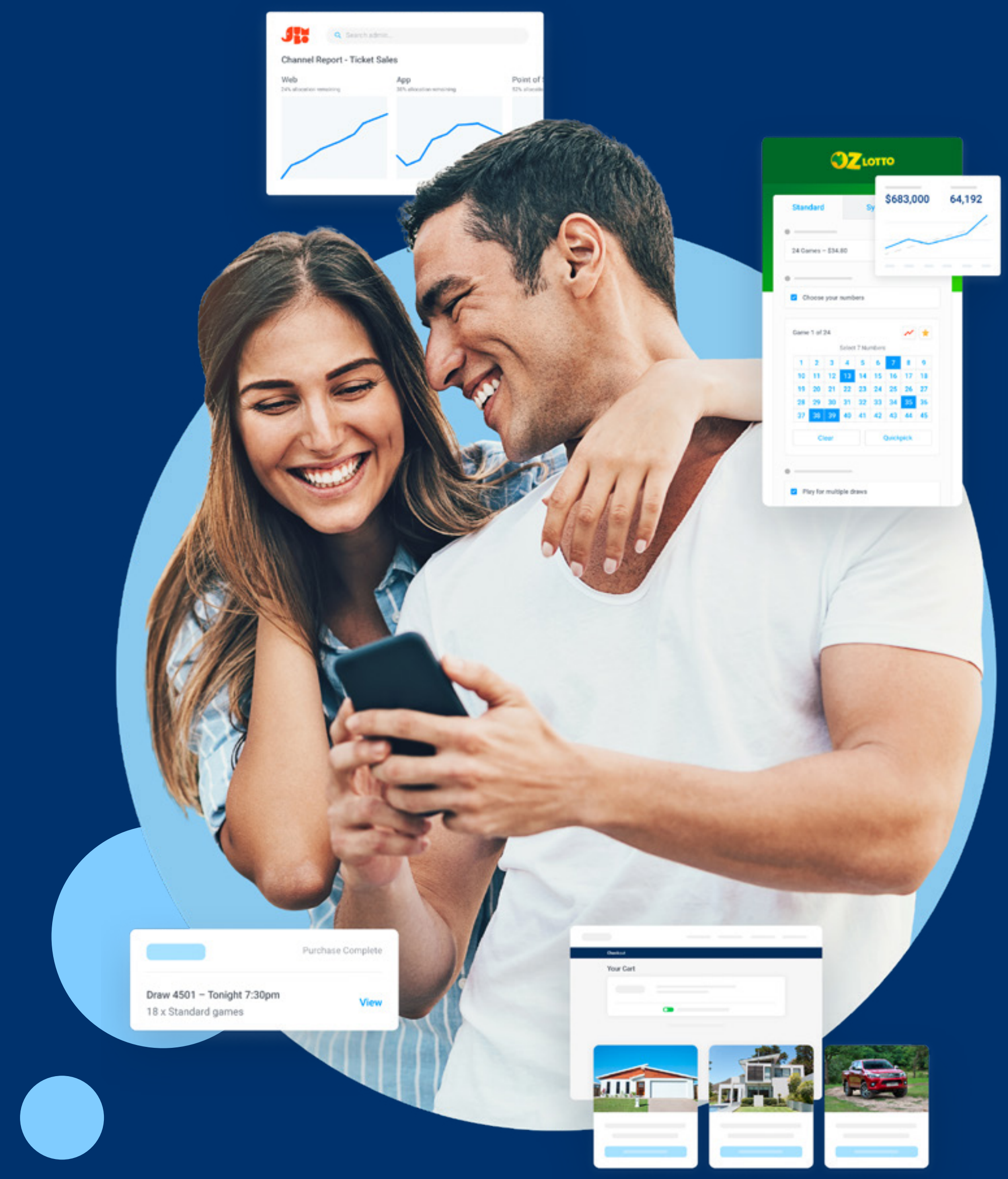
Shareholders
- Top quartile TSR[1]
- Targeted dividend payout ratio of 65% -85% of statutory NPAT

Players
- Best player experience and advocacy
- Maximised community benefit from funds raised

People
- Top quartile employee engagement
- A Great Place to Work

Community
- A socially responsible and sustainable business, with positive social impact

[1] vs S&P ASX/ASX300 Accumulated



At Jumbo, we exist to make lotteries easier and our vision is to be the number one choice in digital lottery and services.

Active players

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

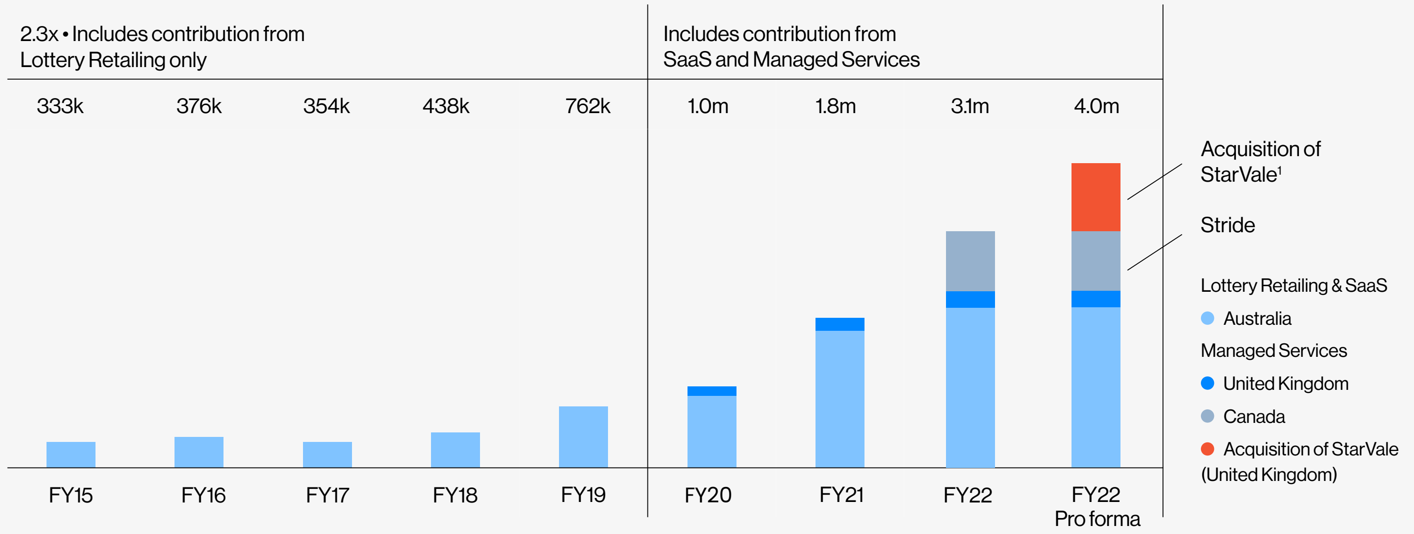
We have demonstrated strong active player growth in our Lottery Retailing segment over the years, with active players more than doubling from FY15 to FY19. More recently, we added new active players in Australia via our SaaS segment and in the UK through the acquisition of Gatherwell in 2019.

This year, the acquisition of Stride in Canada added a further ~750k active players. When complete, StarVale will add a further ~850k active players.

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

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

Active players who made a purchase in the 12-month period (FY15 – FY22)



[1] Acquisition announced 27 January 2022 and pending regulatory approval, expected by the end of Q1FY23

Our priority markets for growth

Given Australia generates the vast majority of our revenue, it remains our top priority market. Driving strong growth in Oz Lotteries and creating value for Lotterywest are where we continue to focus our domestic effort.

Jumbo's other high priority is to integrate Gatherwell, Stride and StarVale into the business, creating a firm foundation from which to expand in the UK and Canadian charity markets.

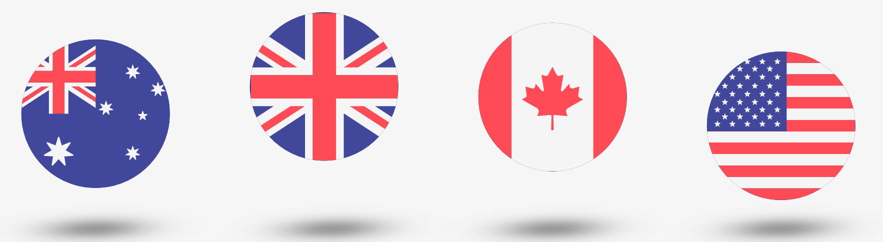
We continue to closely monitor the government lottery sector in the US, UK and Canada. The US iLottery market remains an under-developed segment of the broader lottery market with only 14 states either having adopted iLottery or passed legislation to permit iLottery. We expect more States to adopt iLottery over the coming 12 to 18 months. As iLottery adoption reaches a critical mass, and we see evidence of increased standardisation and heightened expectations of a 'digital first' approach, we believe the timing will be right for a more aggressive approach into this market.

Our preferred entry into this market is via a strategic partnership with an established vendor.

Our value proposition to state lottery directors and potential partners remains compelling:

- Speed and agility;
- A lower economically viable entry point and higher Return on Investment (ROI);
- Unique experience and proven capability in the iRetailer model; and
- Proven growth marketing and player experience capability

While the US iLottery market represents a large and compelling growth opportunity for Jumbo, we will be disciplined around the economics of any potential deals to ensure the long-term profitability for all key stakeholders.



Vertical				
Government	1	2	2	2
Charity	1	1	1	2
Proposition				
Managed Services	1	1	1	2
SaaS	1	1	2	2

Priority 1 Priority 2

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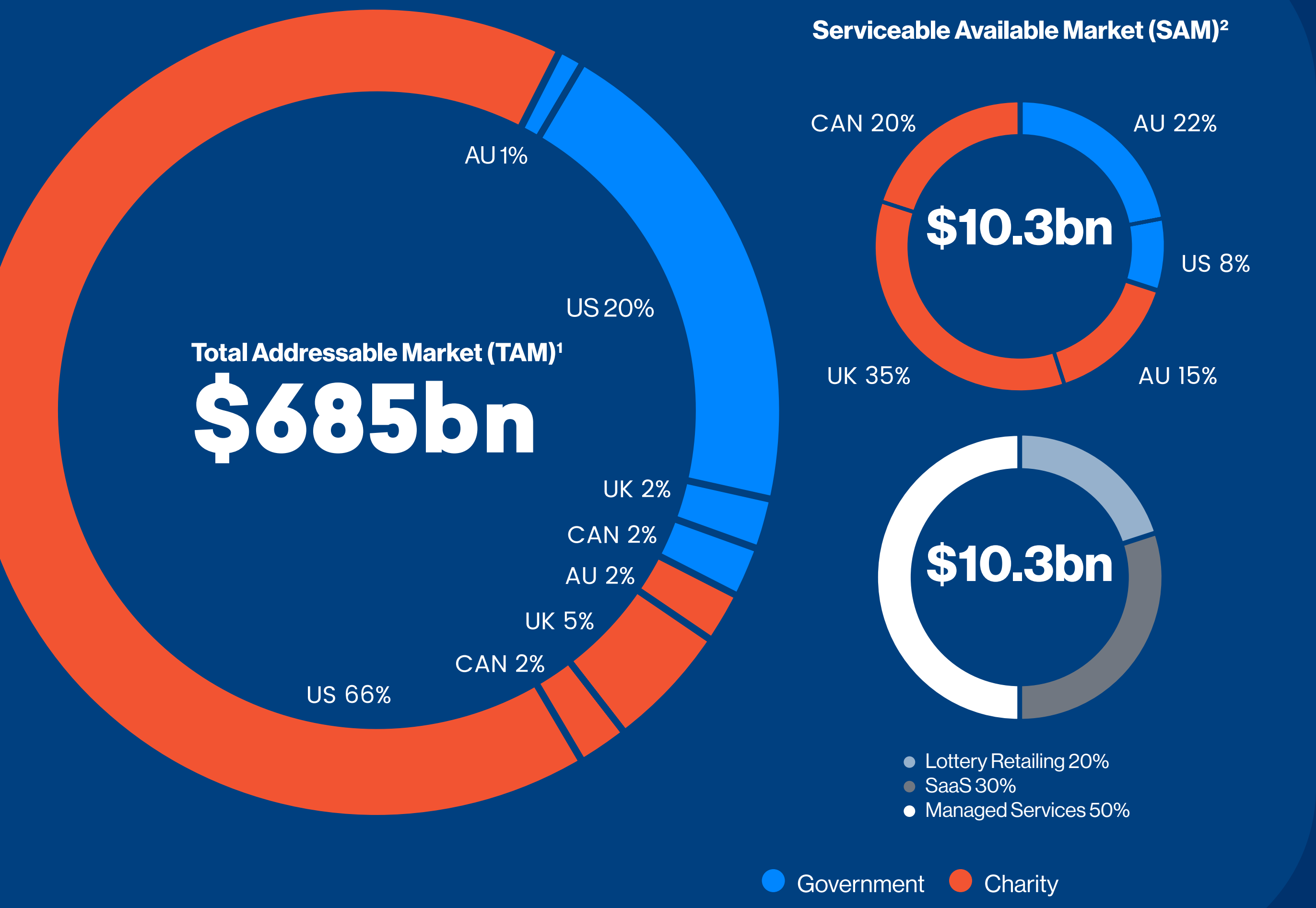
Lottery
Management Excellence

Jumbo's Total Addressable Market (TAM) is large and reflects the entire potential of the government lottery and charitable giving market in Australia, the UK, Canada and the US. The Serviceable Available Market (SAM) reflects the portion of the market we can serve based on our existing business model, technological capabilities and product set. We see a significant opportunity to grow in the charitable sector within Australia, the UK and Canada and the government lottery sector in Australia and the US. Over time, as we develop new software capabilities and skills, we will have the ability to expand the serviceable available market by addressing the unmet need of clients and pursuing adjacent sectors.



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

At the heart of lottery management excellence is creating an exceptional player experience and engagement on our platform. Jumbo's advantage in lottery management excellence comes from our dual role as both developer and client of our own software. Our experience using our own software platform in our Lottery Retailing segment enables us to solve problems for ourselves, as well as our clients.

Player experience and engagement

At Jumbo, we have a player-centric approach; ensuring a safe and fun environment for all our players is our priority.

We focus on player needs through the use of qualitative and quantitative data to inform decisions on our platform to help drive innovation and business growth. We use surveys, customer interviews, and usability testing to source relevant data that provides both coverage and clear insights. Jumbo's success depends on meeting player's needs and providing them with an engaging experience.

Player feedback banners are present on all PBJ sites. This data is used to monitor and measure the sentiment of our customers and help us determine the most desired improvements to the platform.

Oz Lotteries have been developing our messaging to ensure we are engaging with our players in a way that benefits them most. Through our data and insights we are ensuring that our players are receiving the right message, at the right time, for the content they're actually interested in.

Innovation

Jumbo has a philosophy of customer-driven continuous innovation and uses customer insights and data to ensure the best experience for customers and players.

Play Page

Multiple improvements were made to the play page and number picker in 2022 making it easier for players to pick and play their favourite numbers. Now, they can quickly ensure their favourite numbers are included when they're making a checkout.

This change was implemented following interviews with customers to understand where they struggled with the purchase flow. Jumbo tested all improvements with customers to ensure each decision improved their experience.

Lotto Party

Lotto Party was launched in 2018 following consultation with customers about the pain of organising syndicates with family, friends, and co-workers.

Oz Lotteries is continuing to refine this feature and uses customer input to maximise their experience and remove roadblocks to its use. This incremental approach to innovation has improved Lotto Party's engagement and retention.

Personalised Recommendations

By using player behaviour and transactional data we can recommend products that are relevant to players at an individual level on the PBJ platform. This increased relevancy ensures that we message players when we think there is something that will delight them. The quantitative data collected suggests that this has improved a players' journey and streamlined their purchase flow.

Key player metrics

PLAYER SATISFACTION
90%
(average for year ended 30 June 2022)

103,607
SUPPORT TEAM INTERACTIONS
(for the year ended 30 June 2022)

9,510
WEBCHATS
>90% of interactions were positive

87.3%
OF ENQUIRIES RESOLVED AT FIRST CALL

APPLE STORE
4.8/5
70,200 ratings

GOOGLE STORE
4.7/5
14,500 ratings

28
SECONDS
average call wait time

At Jumbo, we have a laser-like focus on the player experience. Our agile and experiment-based approach to innovation allows us to identify, test, and measure new methods and learn quickly.

We offer a best-in-class user experience

We invest time and energy in researching player needs

We relentlessly focus on improving the player experience

We significantly invest in personalisation

We have more ways to win

National commercial lottery games

13 charity-based lottery games supporting great causes

Innovative ways to play

Unique features such as Lotto Party

First digital retailer to offer Autoplay in Australia

Convenience

Taking the pain out of the lottery experience

0-touch subscription mechanism

Personalised number pages

Player support

> 90% customer satisfaction

87% of calls within 60 seconds

Access to a real person

Real-time monitoring of ticket sales for problem gambling

Powered by Jumbo

Lottery Platform

Significant investment in data analytics tools, Artificial Intelligence (AI) and machine learning enables Jumbo to deliver a more personalised, engaging and entertaining player experience that drives player retention, loyalty and advocacy. By seamlessly integrating with our platform, we can analyse the behavioural and transactional data of players through best-in-class third party apps to acquire, engage and retain players.

Our platform is complemented by modern technology and integrations.

Experimentation

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

Hundreds of Integrations

Customer data pipeline allow hundreds of possible intergrations – top-of-class marketing, analytics, CRM platforms etc

Personalised product recommendations

Machine learning to provide real-time, personalised recommendations

Minimises friction and maximises up-sell

Behavioral Analytics

Capture data on critical player journeys

Create personalised onboarding journeys

Player-centric Innovations

Ability to iterate on new features faster and smarter than before

This is underpinned by our unique culture and an unrelenting focus on the player experience.

Sustainable growth loops

Focus on scalability with a dedicated growth team

Disciplined focus on Return on Advertising Spend (ROAS)

Use of AI and programmatic marketing

Data led; player focused

Invest in best-in-class tools and staff training

We log everything and have the tools to monitor trends and extract insights

Common data architecture and discipline around data quality and integrity

Insight driven development and iteration

Dedicated teams to figure out the right problems to solve

Invest significant time and effort in collecting insights

Lotto Party is a great example of this process

Opinionated but agnostic

Discovery - we understand as much as possible before making large commitments

Innovative Thinking - we build in scope for failure and quick learnings

Test Everything - research is great, but real-world execution is what counts

Scalable

Steady, incremental growth and value creation

Significantly higher increase in TTV vs headcount

Efficiencies generated from software and increased use of automation

Remote work

Asynchronous work practices (18 cities, 3 continents, 6 time zones)

Strong employee engagement as well as access to a greater talent pool

Cloud tooling

With a track record of success in Australia, Jumbo is uniquely positioned to deploy over two decades of lottery-management expertise and our scalable digital lottery platform across our SaaS and Managed Services segments globally.

Best in class lottery software

Platform evolution

Over the last 17 years we have invested significantly in building a world-class platform and engineering team which gives us a strong competitive advantage in the lottery industry.

We estimate that over the last 10 years, we've spent approximately $50 million on the development of our platform.

2005-2008
3-5 developers
- Platform based on legacy systems
- Monolithic in nature but well-suited for a small organisation
- All testing undertaken manually

2008
10 developers
- Modified platform to run online sales for NSW Lotteries

2011
10-15 developers
- Modified platform to run online sales for SA

2012 - 2013
- Started experimenting with multiple databases, driven by the relatively large (>1TB) dataset

2013-2015
30 developers
- Commenced rebuild of platform, starting with modifications to support other languages for Jumbo Lotteries

2017 - 2019
45 developers
- Shift to agile, embraced test-driven development, automated continuous integration and deployment
- Performance issues in Australia
- Experimenting with different technologies e.g. database sharding, splitting monolithic code, rewriting parts in Go
- Rebuild of platform and underlying tech stack complete using modern architecture and code base
- Commenced adaptation of platform for Software-as-a-Service (SaaS) and Managed Services solutions

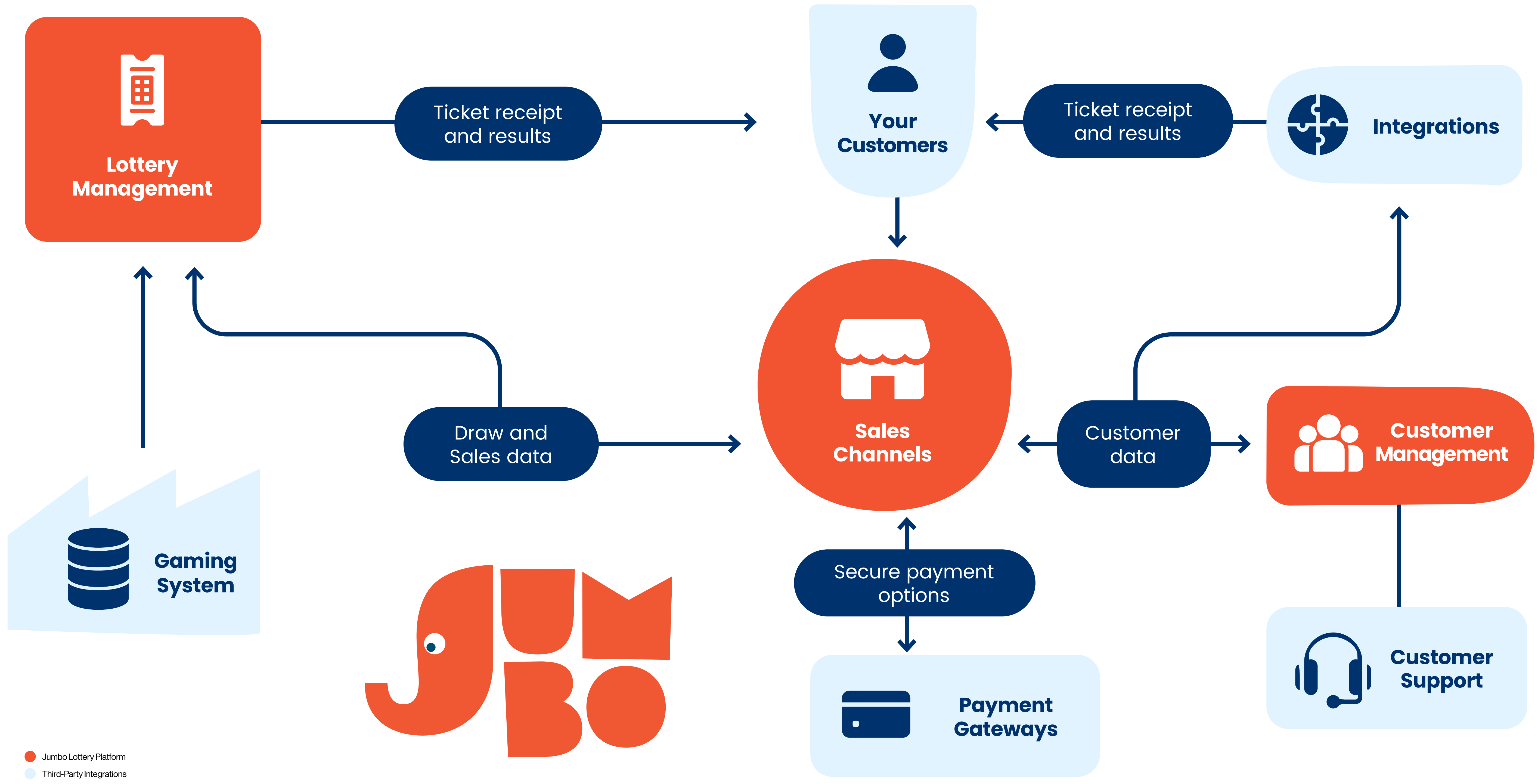
2020
- Significantly improved client onboarding process and compressed timeframes

2021
65 developers
- Adapted platform for UK market in November 2021

2022
- Significantly compressed software deployment times
- >90% of engineering effort related to product roadmap, research and development

Powered by Jumbo

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



Lottery management

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

Sales channels

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

Payment gateways

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

Player management

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

Integrations

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

A secure platform built for performance

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

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

To support innovation, we established JumboLabs where developers and product owners work collaboratively on continual and rapid new business discovery and concept validation. Our approach to platform enhancement is underpinned by our agile development processes and metrics that deliver continuous feedback to the teams.

The PBJ platform is highly scalable to meet the tidal demands of lottery jackpot cycles. It is versatile and can be used as 'software only' (SaaS) or 'software + services' (Managed Services) solution. Additionally, thanks to the use of API's, Jumbo's platform can interoperate with all core gaming systems across the lottery ecosystem. The platform architecture allows for easy expansion of system capacity to meet the demands of a growing player base as well as flexibility to host in cloud or on premises. It also drives significant efficiencies through the automation of manual and time-consuming activities, enabling organisations to optimise their operating cost base and redirect resources to value-adding activities.

Powered by Jumbo — Powerful, Scalable, Flexible and Complete lottery management platform

Digital-native solution; enabling accelerated digital transformation

Proven to operate in the most challenging circumstances; **uptime, speed, responsiveness, capacity, performance** under load

Integrated with a suite of **best-in-breed marketing, data & analytics and customer engagement tools,** enabling greater insights around player behaviour and the ability to develop bespoke marketing plans to drive player growth

Interoperable with core gaming systems and as part of a broader gaming environment / lottery ecosystem

Proven track record of delivering **strong and sustainable growth** in ticket sales

Powered by Jumbo — Secure, Compliant and Efficient

Strong governance, unique and proven lottery expertise in scaling lottery programmes and Jumbo's **collaborative and innovative partnership** approach

ISO

ISO 27001 certified with the highest standard of security and player protection

Automation of manual and time-consuming activities, enabling organisations to **optimise operating costs** and re-direct resources to **value-adding** activities

Funds raised through these lotteries are all for a **good cause** and **community benefit**

Key stats from $120m Powerball (Feb-22)

684,612 tickets sold

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

>5 signups/second during peak (55k new signups within 24 hours)

>40% sales compared to $150m draw in 2019

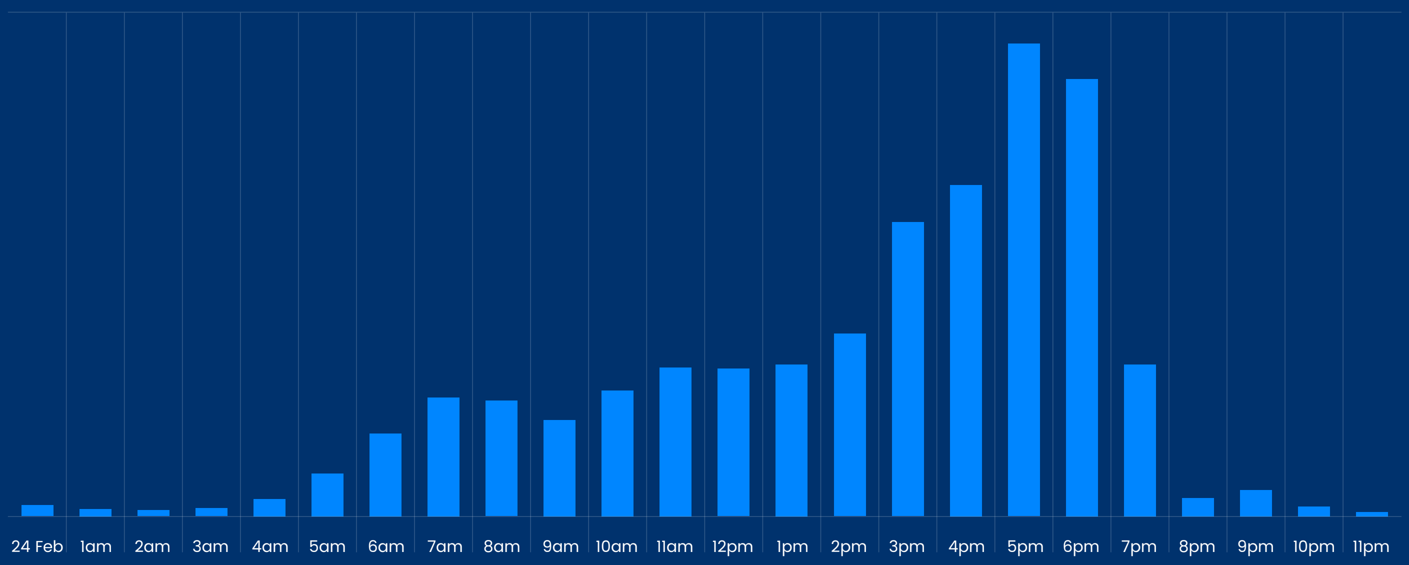
>18.52 checkouts/second during peak

>22.6 tickets sold/second during peak

>2800 support interactions on draw day; for 98.7% satisfaction

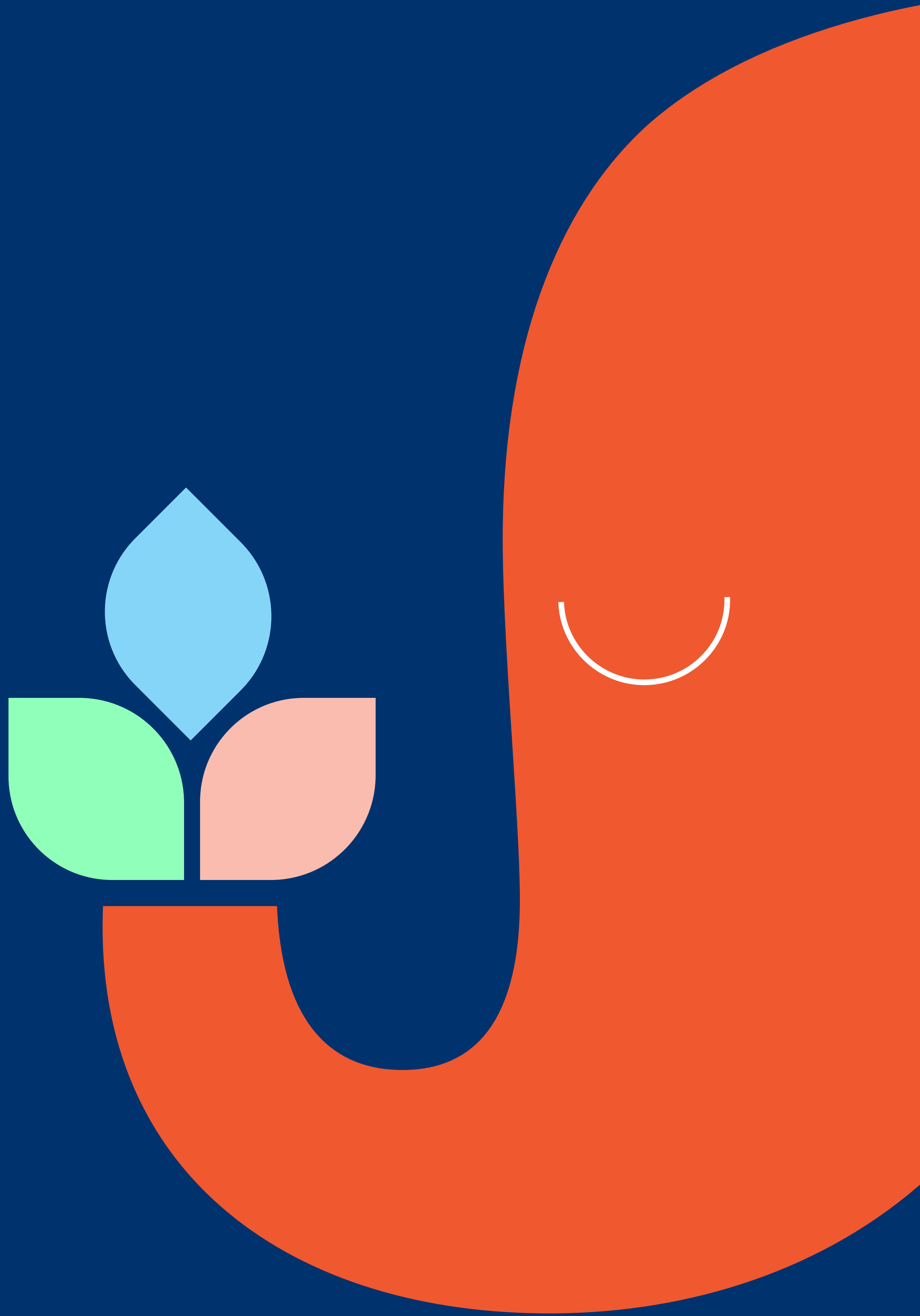
Ticket sales during last day of Powerball $120m

(Feb-22)



Sustainability

Modern sustainability has three main pillars: environmental, social, and governance.



Our approach to sustainability

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.

Our charity partners use Jumbo's best-in-class lottery software to raise vital funds to support a range of social services and good causes. In FY21, we helped our charity partners raise ~$200 million [1].

The Board reviews and engages on ESG topics as part of their responsibility for oversight and stewardship of the Company's strategy and culture. Operationally, the PCC and ARC monitor ESG risks and opportunities associated with their respective Charters. For example, the PCC brings a holistic focus to aspects of people and culture including remuneration, diversity and inclusion, employee experience, learning and development and our culture. The ARC has oversight of key audit and risk-related topics such as privacy, data security, cyber security, regulatory compliance and risk management.

The Board ensures it remains well-informed on current and emerging ESG topics through regular updates from management, engagement with shareholders and the investment community, and interactions with subject matter experts invited to attend Board meetings and inform Directors on topics relevant to Jumbo and the sector.

In November 2021, the Board endorsed the establishment of the Sustainability Council, which is responsible for the development and implementation of our sustainability program of work. The Sustainability Council comprises senior leaders from across the various functions of the business including Sales and Marketing, People and Culture, Risk Management, Compliance and Internal Audit, and Investor Relations.

For further information on our approach to Sustainability including our progress in addressing environmental, social and governance risks and opportunities, please refer to our 2022 Sustainability Report, available on our website.

The Board and management have adopted the following sustainability governance structure.

- Jumbo Interactive Board
- People and Culture Committee | Audit and Risk Management Committee

General oversight and monitoring of ESG risks and opportunities.

- Executive Key Management Personnel

Expertise, support, monitoring and ensuring delivery of Sustainability targets.

- Sustainability Council
- Senior Leadership Group

Development and implementation of the sustainability program of work.

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

Sustainability priorities

The key priority areas for Jumbo including the sustainability targets we are seeking to achieve over the medium term are as follows:

Industry leading player experience
>90% customer satisfaction[1]
by 30 June 2023

Responsible play
Deliver best practice responsible gaming experience for our players and minimise potential harm
by 30 June 2024

Great place to work
Rated in the top 25 best places to work across all locations
by 30 June 2025

Employee engagement
Rated in the top quartile for both engagement scores and participation
by 30 June 2025

Carbon neutral
Carbon neutral emissions at Group Climate Active certification
by 30 June 2023

Maintain gender diversity
40% of employees at Group level to be female
by 30 June 2023

Maintain gender diversity
40% of Board members to be female
by 30 June 2023

Gender diversity
40% of Senior Leaders to be female
by 30 June 2026

[1] Metric for Lottery Retailing only. Work is ongoing to develop an appropriate metric for our SaaS and Managed Services clients.

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 2022.

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 2022:

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 of Data#3 Limited (ASX: DTL) (since February 2022). Her previous listed directorships include National Veterinary Care Ltd (ASX:NVL) (2015 – 2020), Xenith IP Limited (ASX:XIP) (2015 – 2019), G8 Education Limited (ASX:GEM) (November 2011- May 2021) and Viva Leisure Limited (ASX:VVA) (August 2018 - January 2021). In addition, Susan serves on the Diligent Institute Advisory Board in New York as a corporate governance specialist, representing Asia Pacific and is a Qld Councillor with the AICD. In 2019, she became a Member (AM) in the General Division of the Order of Australia for significant service to business through governance and strategic roles as an advocate for women.

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

Mike has been Chief Executive Officer and Executive Director of Jumbo Interactive Limited since the restructuring of the Company on 8 September 1999. Mike was instrumental in the development of the e-commerce software that is the foundation of the various Jumbo operations. Mike was the original founder of subsidiary 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. Sharon is currently a professor at the Queensland University of Technology and consults exclusively for Gadens Lawyers. She is widely regarded as one of Australia's leading commercial and property law academics.

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

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

2. Directors' meetings

The table below sets out the number of meetings of the Board of Directors (including Board committees) held during the year ended 30 June 2022 and the number of meetings attended by each Director.

Meetings Table	Board		Audit and Risk Management Committee		People and Culture Committee	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Susan Forrester	26	26	5	5	5	5
Mike Veverka	26	26	5[1]	5[1]	5[1]	5[1]
Sharon Christensen	26	26	5	5	5	5
Giovanni Rizzo	26	26	5	5	5	5

[1] 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[1]	30,000
Mike Veverka[1]	8,856,901
Sharon Christensen[1]	3,550
Giovanni Rizzo	2,000

[1] In addition Susan Forrester holds 4,098 rights, Mike Veverka holds 80,013 rights and Sharon Christensen holds 4,098 rights, over unissued ordinary shares

4. Share options and rights

There are no unissued ordinary shares of the Company under options at the date of this report.

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 rights	Number under right
29 October 2020	1 July 2024	$nil	92,965
17 December 2020	4 November 2023	$nil	24,591
15 March 2021	4 November 2023	$nil	15,583
28 October 2021	4 November 2023	$nil	16,393
28 October 2021	1 July 2025	$nil	64,403
28 April 2022	1 July 2025	$nil	2,732
28 April 2022	1 July 2026	$nil	2,732
28 April 2022	1 July 2027	$nil	2,732

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

During or since the financial year ended 30 June 2022, the following ordinary shares of Jumbo Interactive Limited were issued on the exercise of options granted:

Date options granted	Issue price of shares	Number of shares issued
21 October 2017	$3.50	600,000

During or since the financial year ended 30 June 2022, 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
28 October 2021	-	16,925
		40,166

During or since the financial year ended 30 June 2022, 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
Directors		
Susan Forrester	4,098	4,098
Sharon Christensen	4,098	4,098
Mike Veverka	23,419	23,419
Other key management personnel		
Xavier Bergade	10,246	10,246
Brad Board	10,246	10,246
David Todd	10,246	10,246
Richard Bateson	10,246	10,246
	72,599	**72,599**

The People and Culture Committee has awarded 11,134 FY22 STI rights to Mike Veverka subject to shareholder approval at the 2022 AGM and 19,484 FY22 STI rights to KMP subject to Director approval at a Board meeting on the 2022 AGM date.

5. Company Secretary

Mr Graeme Blackett was appointed Company Secretary on 1 January 2021. Graeme holds a Bachelor of Arts, a Bachelor of Laws, a Graduate Diploma in Company Secretarial Practice, is admitted as a Solicitor in NSW and is a Fellow of the Governance Institute of Australia and of the Chartered Governance Institute. He has been a Senior Company Secretary with Company Matters Pty Limited for over four 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 55 to 74, and forms part of the Directors' Report for the financial year ended 30 June 2022.

7. Principal Activities

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

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

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

Lottery Retailing

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

Software-as-a-Service

Development, supply, and maintenance of proprietary software-as-a-service (SaaS) for authorised Businesses, Charities and Governments (B2B/B2G) mainly in the lottery market in Australia 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 45 to 54 of this report.

9. Dividends

A fully franked final dividend of 18.5 cents per fully paid ordinary share for the year ended 30 June 2021 was paid on 24 September 2021, and a fully franked interim dividend of 22.0 cents per fully paid ordinary share for the year ended 30 June 2022 was paid on 18 March 2022.

On 26 August 2022, the Directors have declared to pay a fully franked final dividend for the financial year ended 30 June 2022 of 20.5 cents per fully paid ordinary share (2021: 18.5 cents per fully paid ordinary share), to be paid on 23 September 2022.

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

10. Capital management

Further to the announcement on 26 August 2022, as part of the Company's proactive approach to capital management, the Directors have approved an on-market share buy-back of up to $25 million. The buy-back is expected to commence in September 2022. The timing and number of shares to be purchased will depend on the prevailing share price and alternative capital deployment opportunities. The Company reserves the right to vary, suspend or terminate the share buy-back program at any time.

11. State of Affairs

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

12. Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at https://www.jumbointeractive.com/corporate_governance_statement.pdf.

13. Events subsequent to the reporting period

Apart from the final dividend declared and the on-market share buy-back announced on 26 August 2022, 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 2022.

14. Likely developments, key business strategies and future prospects

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

14.1 Overview of Group

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

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

Our vision is to '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, distributed on a standardised basis through three operating segments being Lottery Retailing, Software-as-a-Service and Managed Services in domestic and international markets.

14.2 Lottery Retailing

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

- Victoria – 10 years to 25 August 2030 with renewal negotiations 9 months prior to expiry, for sales to customers in Victoria
- 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 TLC service fee increased from 1.5% of the subscription price in FY2021 to 2.5% in FY2022 and will increase to 3.5% in FY23 and 4.65% in FY24, and 4.65% is payable on subscription price in excess of $400,000,000 for any of the applicable financial years.

The domestic digital lottery market is currently estimated to be 37.7% of the total domestic lottery market (~$7.2bn) and increasing by 3-4 percentage points per annum. This compares to more mature overseas markets such as the United Kingdom (UK) that has 42% digital penetration, and some of the Scandinavian lotteries with penetration even higher.

The Group 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 ~2% of total Lottery Retailing annual ticket sales.

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

14.3 Software-as-a-Service

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

Outside of Australia, the Company has prioritised the UK, Canadian and United States lottery sectors. Following changes in legislation at both a federal and state level in the United States, some states have started to adopt digital lotteries in the form of iLottery, albeit the take up has been relatively slow due to retail opposition and the need to pass legislation to permit iLottery programmes. As at 30 June 2022, 14 out of 48 US lottery jurisdictions either have iLottery operations or have passed legislation for iLottery. This remains an underdeveloped segment of the market and we expect more states to adopt iLottery over time. We will continue to closely monitor developments in this market.

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

14.4 Managed Services

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

In June 2022, the Company acquired Stride Management Corp. (**Stride**) in Canada, a Lottery Project Manager, providing a full range of services including lottery management, ticket fulfilment, and marketing services in Alberta and Saskatchewan.

The growth prospects for Managed Services are compelling. As at 30 June 2022, Gatherwell serviced ~2,100 out of approximately 30,000 schools and ~110 out of approximately 400 authorities, and Stride has the opportunity to expand into other Canadian Provinces and Territories.

14.5 Group

The Company has invested in establishing strong foundations and capabilities to execute on our growth strategy, including ensuring our risk management and governance settings are robust and establishing a Senior Leadership Group. Excluding one-off items, underlying expenses increased 33.2% (and 31.4% excluding Stride). In FY2023, the Company will continue to invest in the business with operating cost growth expected to moderate. The majority of the planned investment is aligned to driving revenue growth across the three segments and includes additional investment in people, technology and marketing.

14.6 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 2022. 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.

The Group has a Distributed Workplace policy and approximately 65% of our employees continued to work from home or remotely in FY2022. High customer service levels and staff productivity levels continued to be maintained over this period.

15. Key risks

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

Technology, Data Protection & Cyber Security	Our platform and associated technologies are critical assets of the Group and we will continue to invest in people and resources to ensure its quality and longevity. The Group takes a holistic approach to data protection which encapsulates both our obligations under relevant Privacy Legislation as well as Cyber Security measures. The Group is committed to ensuring we have adequate protection to prevent both accidental and malicious data breaches against increasingly sophisticated threat actors and landscape.
Failure to execute strategy	In particular in expansion into new markets and international opportunities. The Group is cognisant of maintaining a balance between focusing 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 to dilute concentration risk.
People & Culture	Including achieving a balance of the right skill sets and resourcing in an increasingly competitive market for technical talent and offering development pathways to foster talent and future-proof our business
Regulatory & Compliance	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 Group is committed to fulfilling. The Company pursues a rigorous approach to adopt broader best practice that extends beyond our legal requirements to ensure a fair and transparent lottery environment and justified trust from our community and regulators.
Financial Credit, Fraud & Liquidity	Continual analysis of performance against budget, allocation of capital and the pursuit and communication of an appropriate strategy are vital mitigation activities in the control framework that ensures the robustness of the stewardship of the Group's financial activities.
External Economic, Geopolitical, Environmental, Social, Market & Third Party	External Market conditions may impact cost of living and associated household disposable income which may affect lottery ticket sales although these are also significantly impacted by large jackpot activity which remains outside of the business' influence. We endeavour to monitor emerging risks presented by competition activity and disruption.

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

16. 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 2022 and are looking forward to continuing to improve our environmental and social impact. Our inaugural Sustainability Report for the year ended 30 June 2022 is available on our website.

17. Indemnifying officers or auditors

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

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

18. Non-audit services

During the financial year, the Company's auditor, BDO Audit Pty Ltd, or their related practices (herein also referred to as '**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	
Taxation services	**FY2022 $**	**FY2021 $**
Tax compliance services – preparation of tax returns	48,100	48,000
Transfer pricing consulting	23,300	13,000
Other tax advice	15,580	53,131
Total taxation services	**86,980**	114,131
Other services		
Whistleblower services	6,500	5,000
Due diligence – other BDO-related firm	11,327	110,000
Total other services	**17,827**	115,000
Total fees for non-audit services	**104,807**	229,131

19. CEO and CFO declaration

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have provided a written declaration to the Board in accordance with *section 295A of the Corporations Act 2001*. With 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.

20. Proceedings against the Company

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

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

21. Rounding of amounts

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

22. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 75.

Susan M Forrester
Chair of the Board

26 August 2022

Mike Veverka
Chief Executive Officer and Executive Director

Operating and Financial Review

23. Explanation of results

The Group reports revenue on a net revenue inflow basis 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. Revenue for this segment increased due to a higher level of large jackpots and increased customer activity. Gross profit however has not increased to the same extent as revenue largely due to the 1% step-up in the service fee payable to TLC. The SaaS segment revenue and profits increased as all four Australian clients were fully operational on the Powered by Jumbo (**PBJ**) platform. The Managed Services division includes Gatherwell in the UK, Stride in Canada which contributed 1 month to FY2022, and Jumbo Fundraising in Australia which is not considered material.

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

The change in consumer behaviour arising from the COVID-19 pandemic continues to be 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 continuing to work from home and flexible working arrangements have also reduced some administration expenses during this period. Rising inflation and higher interest rates could affect consumer disposable income which may have an impact on lottery ticket sales.

The financial position of the Group is sound with strong liquidity. While the economic environment, in particular the extent of the Reserve Bank of Australia (**RBA**) rate hikes and the resulting impact on the real economy remain uncertain, the ongoing profitability, balance sheet strength and prudent management of the Group means it is well placed to take advantage of any potential acquisitions and/or opportunities globally.

As the technology industry is fast-moving with the rate of technological change high, 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 operations as well its SaaS customers. The Group also continues to invest in its staff, by ensuring remuneration levels competitive with the market, investment in training and development and additional resourcing to support growth. During the financial year, the Group received ISO 27001:2013 re-certification of the information security management systems applying to its core software platform product.

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

- $5,706,000 (2021: $6,406,000) invested in the proprietary software platform (intangible assets);
- $8,597,000 (2021: $5,698,000) invested in marketing activities for the acquisition, engagement and retention of customers; and
- $17,196,000 (2021: $13,023,000) on employees who provide the software development and marketing skills, customer support services, and management.

24. Result highlights (underlying and statutory operations)

The Group has reported on TTV; underlying 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.

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

Underlying EBITDA, EBIT, and NPAT is defined as 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.

	FY2022 $'000	FY2021 $'000	Variance %
TTV	659,924	486,981	35.5
– Company	460,637	365,444	26.0
– Third party	199,287	121,537	64.0
Revenue	104,251	83,319	25.1
Revenue margin (%)	15.8%	17.1%	(1.3ppt)
EBITDA – underlying[1]	55,097	48,922	12.6
EBIT – underlying[1]	46,355	40,683	13.9
NPAT – underlying[1]	32,205	28,346	13.6
Adjustments[1]			
– Revenue	525	-	>100
– Expenses	(1,577)	(1,469)	7.4
– Fair value movement on financial liabilities	-	(177)	(>100)
– Tax effect	23	259	(91.1)
EBITDA	54,045	47,276	14.3
EBIT	45,303	39,037	16.1
NPAT	31,176	26,959	15.6
Cash at bank	68,930	63,139	9.2
Net assets	92,983	85,326	9.0
Net tangible assets	45,416	45,751	0.7
Share price at year end ($)	14.22	17.77	(20.0)
Dividend paid per share (cps)	40.5	35.0	15.7
Total shareholder return (%)	(17.7%)	89.1%	(>100)
Earnings per share – underlying (cps)	51.5	45.4	13.4
Return on capital employed (%)[2]	33.5%	31.6%	1.9ppt
Shares on issue (million)	62.8	62.4	0.6
Market capitalisation ($ million)	892.7	1,109.7	(19.6)
EBITDA margin – underlying (%)	52.9%	58.7%	(5.8ppt)
EBIT margin – underlying (%)	44.5%	48.8%	(4.3ppt)

[1] refer page 48 for the reconciliation to statutory earnings

[2] NPAT/Closing equity

- TTV up $172,943,000 or 35.5% with increased contributions from all three operating segments.
- Revenue up $20,932,000 or 25.1% to $104,251,000 with:
  - Lottery Retailing up $16,015,000 or 21.3% due to a higher level of jackpot activity and increased customer activity;
  - Software-as-a-Service up $10,648,000 or 33.2% as Lotterywest was only a SaaS customer from 21 December 2020 in the pcp (see details under SaaS in Review of Operations) and the growth achieved by our SaaS customers; and
  - Managed Services up $1,537,000 or 46.6% reflecting 26.4% growth in Gatherwell and a one-month contribution from Stride which was acquired 1 June 2022.
- Underlying EBITDA up $6,175,000 or 12.6% to $55,097,000.

24.1 Major items

- Lottery Retailing – an increase in the TLC service fee from 1.5% to 2.5% of the subscription ticket costs, under the terms of the agreement;
- SaaS - fully operationalised all four Australian clients and our first UK customer staged from November 2021 to March 2022; and
- Managed Services - includes the acquisition of Stride with the completion payment of $8,995,000 paid out of cash reserves and contributing 1 month to the financial results (acquired 1 June 2022).

25. Consolidated results of operations

TTV and Revenue have increased with increased contributions from all operating segments. Cost of sales has increased with a step-up in the TLC service fee from 1.5% to 2.5% of subscriptions under the terms of the Agreement and as a function of growth. On an underlying basis (excluding one-off costs), Expenses increased 32.9% mainly due to higher employee and marketing expenses to ensure successful execution of our growth strategy.

The Group's financial performance is summarised below.

	FY2022 $'000	FY2021 $'000	Variance %
TTV	659,924	486,981	35.5
Revenue	104,251	83,319	25.1
Cost of sales	(14,473)	(8,339)	73.6
Gross profit	89,778	74,980	19.7
Other income	995	386	>100
Expenses	(36,728)	(28,090)	30.8
EBITDA	54,045	47,276	14.3
Depreciation and amortisation	(8,742)	(8,239)	6.1
EBIT	45,303	39,037	16.1
Net interest revenue	(66)	17	>100
NPBT	45,237	39,054	15.8
NPAT attributable to members	31,176	26,959	15.6

26. Group performance overview

- TTV up $172,943,000 or 35.5% to $659,924,000 largely from the Lottery Retailing segment that performed well with increased customer activity and large jackpot activity, increasing scale within the SaaS segment, and continued strong growth in the Managed Services segment that includes Gatherwell and Stride for 1 month (which also contributed to increased expenses).
- Revenue up $20,932,000 or 25.1% to $104,251,000 with contributions from:
  - Lottery Retailing up $16,015,000 or 21.3% to $91,098,000 mainly due increased customer activity and large jackpot activity;
  - SaaS up $3,380,000 or 68.5% to $8,318,000, net of intersegment revenue, largely as a result of organic growth of existing customers and Lotterywest only contributing from 21 December 2021 in the pcp; and
  - Managed Services up $1,537,000 or 46.6% to $4,835,000 mostly due to organic growth of Gatherwell and a one-month contribution from Stride which was acquired 1 June 2022.
- Cost of sales up $6,134,000 or 73.6% principally due to the increased TLC service fee from 1.5% in the pcp to 2.5% of the subscription ticket costs and increased merchant fees from TTV growth in Lottery Retailing.
- Expenses up $8,638,000 or 30.8% predominantly reflecting:
  - $101,000 increase in finance costs due to the bank facility secured in January 2022 to fund the StarVale UK acquisition (pending regulatory approval, expected by the end of Q1FY23);

- $4,172,000 increase in employee benefits expense largely from (i) expanded KMP, (ii) establishing a Senior Leadership Group to ensure the successful transition of acquisitions and execution of strategy, (iii) annual remuneration increases, (iv) a Short-Term Incentive (**STI**) pool of $1,013,000 (FY2021: $243,000), and (v) higher voluntary attrition coupled with a relatively higher cost to replace staff given a tighter labour market. Share-based expenses have increased $371,000 to $1,339,000 largely due to accumulation of LTI rights, and $283,000 one-month contributions from Stride;
- $788,000 decrease in consultancy and legal expenses with the pcp including the one-off expenses ($867;000) associated with the extension of the TLC agreement and $462,000 for USA consulting expenses (reported in employee benefits expense in FY2022);
- $2,899,000 increase in marketing expenses to drive growth; and
- $2,254,000 increase in other expenses largely due to (i) $759,000 increase in insurance with increased cover and premiums due to an expanding business and market conditions, (ii) $187,000 increase in recruitment expenses for new and replacement staff, (iii) $455k increase in travel expenses due to the lifting of international travel restrictions, and a one-off $604,000 provision for historical charge backs prior to FY2022.

- EBITDA up $6,769,000 or 14.3% to $54,045,000 with contributions from:
  - Lottery Retailing $30,112,000;
  - Software-as-a-Service $28,944,000;
  - Managed Services $844,000;
  - Other reconciling corporate net operating expenses ($6,850,000); and
  - Other revenue $995,000.
- Depreciation and amortisation expense up $503,000 or 6.1% mainly due to:
  - $125,000 higher amortisation of the $15,000,000 capitalised TLC extension fee being amortised over the 10-year term of the agreements with only 11 months in pcp; and
  - $271,000 increased amortisation of capitalised website developments costs relating to the proprietary software.

27. 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 assessing the financial performance of the business. Underlying earnings is derived by adjusting the statutory earnings for significant non-recurring, non-operating items as follows:

	FY2022 $'000	FY2021 $'000
Underlying EBITDA	55,097	48,922
Underlying EBIT	46,355	40,683
Underlying NPAT	32,205	28,346
Add/(deduct) significant items		
– Profit on disposal of subsidiary	525	-
– Acquisition costs	(973)	(602)
– Consulting and legal fees	-	(867)
– Chargebacks in years prior to FY2022	(604)	-
– Fair value movement on financial liabilities	-	(177)
EBITDA	54,045	47,276
EBIT	45,303	39,037
Taxation benefit	23	259
NPAT	31,176	26,959

The acquisition costs relate to the acquisition of Stride Management Corp. (**Stride**) in Canada on 1 June 2022 and StarVale Group in the UK with a conditional purchase agreement signed 27 January 2022. The chargebacks in years prior to FY2022 relate to chargebacks in Lottery Retailing (see Review of operations – Lottery Retailing for details). The profit on disposal of subsidiary relates to the sale of the lightningpayroll.com.au business (see Review of operations – SaaS for details).

28. Review of operations

28.1 Lottery Retailing

Jumbo's Lottery Retailing business operates the 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 The Lottery Corporation (**TLC**). 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.

	FY2022 $'000	FY2021 $'000	Variance %
TTV - company	460,637	365,444	26.0
Revenue	91,098	75,083	21.3
Gross profit	43,096	40,109	7.4
Operating expenses	(12,984)	(9,729)	33.5
EBITDA	30,112	30,380	(0.9)
Revenue / TTV	19.8%	20.5%	(0.7ppt)
Gross profit / Revenue	47.3%	53.4%	(6.1ppt)
Opex / Revenue	14.3%	13.0%	1.3ppt
EBITDA / Revenue	33.1%	40.5%	(7.4ppt)

Key events in the reporting period are:

- The increase in the service fee (cost of sales) from 1.5% to 2.5% on subscription costs (cost of ticket purchases) paid to TLC. The service fee was introduced at 1.5% effective 13 July 2020 under the 10-year agreement with TLC, and increases on 1 July annually to 2.5% in FY2022, 3.5% in FY2023 and 4.65% for FY2024 and beyond. If the cost of ticket purchases exceeds $400,000,000 in any applicable year, then a service fee of 4.65% applies to the excess amount;
- The ongoing intersegment software management fee of 7.5% of TTV payable to the SaaS segment for the development, improvement and maintenance of the proprietary lottery software platform and provision of data information and analysis using technology such as Artificial Intelligence (**AI**) and machine learning;
- $2,486,000 increase in marketing spend that contributed to increasing TTV/Revenue; and
- $604,000 non-recurring expense in Operating expenses that relate to chargebacks prior to FY2022. A chargeback occurs when a cardholder contacts their financial institution to dispute a charge they've incurred. If the financial institution believes that the cardholder has a valid reason for the dispute, they will reverse (charge back) the amount originally paid to us. During a regular internal review of processes and procedures, disputed transactions totalling $604,000 relating to periods prior to FY2022 were identified as having been found in favour of the cardholder, but had not yet been expensed appropriately, and a one-off expense has now been recognised in FY2022. Processes and procedures have since been changed to prevent this situation reoccurring. Chargebacks remain an ongoing, albeit relatively immaterial (< 0.1% of TTV), cost of doing business and is reflected in cost of sales.

	1H22	2H22	FY22	1H21	2H21	FY21	FY variance %
TTV - third party	234,655	225,982	460,637	185,684	179,760	365,444	26.0
Less: Lotterywest	-	-	-	(15,964)	-	(15,964)	(>100)
Underlying TTV	234,655	225,982	460,637	169,720	179,760	349,480	31.8
Revenue	46,727	44,371	91,098	37,807	37,276	75,083	21.3
Less: Lotterywest	-	-	-	(3,159)	-	(3,159)	(>100)
Underlying Revenue	46,727	44,371	91,098	34,648	37,276	71,924	26.7

TTV has increased by $95,193,000 or 26.0% to $460,637,000 (2021: $365,444,000) and by $111,157,000 or 31.8% on an underlying basis, mainly due to higher large jackpots and increased customer activity. New customer numbers, customer activity and customer spend were all higher than pcp. Large jackpot numbers, aggregate and average value were also up on pcp.

Underlying TTV	**FY2022**		**FY2021**		**Variance**
	$'000	**%**	**$'000**	**%**	**%**
Lotteries	452,125	98.1	341,031	97.6	32.6
Charities	8,512	1.9	8,449	2.4	0.7
Total TTV	460,637	100	349,480	100.0	31.8

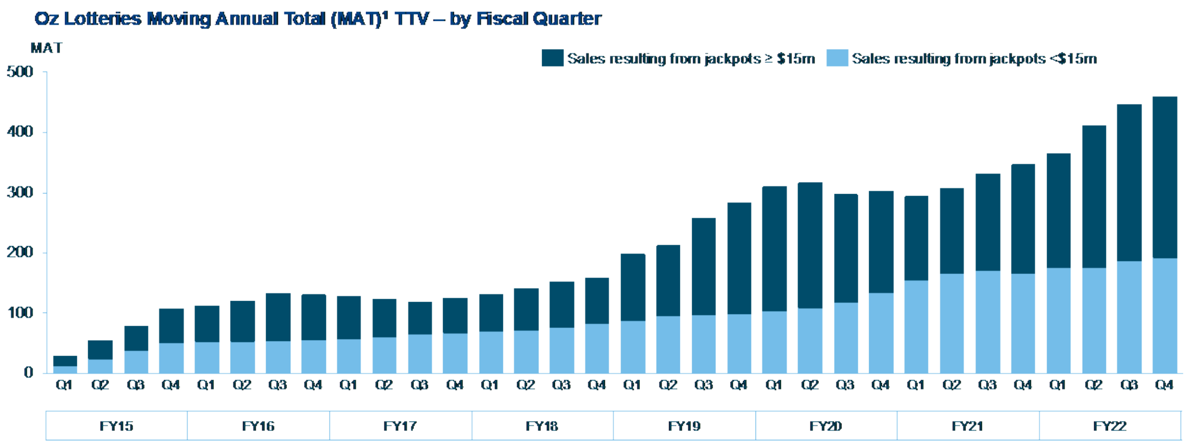
The number of large jackpots is an important driver of TTV. The TTV trend over the last three financial year periods in the context of such jackpots in Australia is summarised as follows:

	FY2022	**FY2021**	**FY2020**
TTV - Lottery Retailing	$460,637,000	$365,444,000	$339,723,000
Reported Revenue – Lottery Retailing	$91,098,000	$75,083,000	$68,486,000
OzLotto / Powerball Division 1 of $15 million or more			
Number of jackpots of $15 million or more	43	38	39
Average Division 1 jackpot of $15 million or more	$40,698,000	$31,842,000	$40,128,000
Peak Division 1 jackpot during the full year period	$120,000,000	$80,000,000	$150,000,000
Aggregate Division 1 jackpots during the full year period	$1,750,000,000	$1,210,000,000	$1,565,000,000
Customer activity			
Number of new online accounts	395,916	246,770	350,319
Cost per lead (CPL)	$18.33	$20.31	$14.28
Number of active online customers / players	918,832	806,139	827,411
Average spend per active online customer / player	$475.13	$423.11	$383.12

The number of new online accounts for the 12-month period to 30 June 2022 is 60.4% higher than pcp largely due to an increase in large jackpot activity which was 13.2% higher in number and 44.6% higher in aggregate value than pcp, with the average large jackpot value 27.8% higher than pcp, together with increased absolute marketing spend to acquire customers.

The number of active online customers for the 12-month period to 31 June 2022 is 14.0% higher and average spend 12.3% higher than pcp mainly from the higher large jackpot activity and continuously improving customer engagement and retention.

The underlying business remains strong as evidenced by an increase in TTV and Revenue and the following Moving Annual Total (**MAT**):



[1] Excludes contribution from Western Australia customers transitioned to Lotterywest's white-labelled PBJ platform (effective 21 December 2020)

Revenue increased by $16,015,000 or 21.3% to $91,098,000 (2021: $75,083,000) and by $19,174,000 or 26.7% (2021: $10,517,000) on an underlying basis, with the reported Revenue margin slightly lower at 19.8% (2021: 20.5%).

The signing of the TLC 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 TLC at 1.5% for FY2021 purchases, 2.5% for FY2022 purchases, 3.5% for FY2023 purchases and 4.65% for FY2024 onward purchases, and 4.65% is payable on subscription costs in excess of $400,000,000 for any of the applicable financial years. A software licence fee of 7.5% of TTV was implemented in FY2021 reflecting an inter-segment payment to the SaaS segment in respect of licencing of the PBJ software platform and use of the data analytics by the Lottery Retailing segment.

The single largest expense is Marketing of $7,850,000 (2021: $5,364,000) which is mainly customer acquisition costs of $7,257,000 (2021: $5,010,000) and tends to fluctuate in line with TTV/Revenue, followed by Employee benefits expenses $2,938,000 (2021: $2,843,000) in respect of 20 staff employed in the segment of which the majority are digital marketing and customer support staff.

28.2 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. The business of licencing other non-lottery proprietary software that it develops, improves and maintains (only a payroll software platform and website at www.lightningpayroll.com.au) was sold on 30 June 2022 for $800,000 cash and a profit on disposal of $525,000. The contribution to TTV, Revenue & EBITDA was $767,000 (2021: $828,000), $767,000 (2021: $828,000) and $538,000 (2021: $483,000) respectively and was not disclosed as profit or loss from discontinued operations as it did not represent a separate major line of business or geographical area of operations.

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 AI and data analytics.

	FY2022 $'000	**FY2021 $'000**	**Variance %**
TTV - third party	167,465	104,844	59.7
Revenue	42,708	32,060	33.2
– external	8,318	4,938	68.5
– internal	34,390	27,122	26.8
Gross profit	42,391	31,926	32.8
Operating expenses	(13,447)	(9,972)	34.8
EBITDA	28,944	21,954	31.8
Revenue / TTV - external	5.0%	4.7%	0.3ppt
Gross profit / Revenue	99.3%	99.6%	(0.3ppt)
Opex / Revenue	31.5%	31.1%	0.4ppt
EBITDA / Revenue	67.8%	68.5%	(0.7ppt)

	FY2022 $'000	**FY2021 $'000**	**Variance %**
TTV - third party	167,465	104,844	59.7
Lotterywest	-	15,964	>100
Underling TTV	167,465	120,808	38.6
Revenue - external	8,318	4,938	68.4
Revenue Lotterywest	-	1,517	>100
Underlying Revenue	8,318	6,455	28.9

The financial year period has seen an increase in existing clients and a full 12-month contribution from Lotterywest compared to the pcp. An agreement was signed with Lotterywest that involved transferring Jumbo's Western Australia customers to Lotterywest and providing them with a white-label platform 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 (**SHH**) on 23 December 2020, to provide it with the PBJ online software platform which went partially live in November 2021 and fully live in March 2022, with an annual TTV of ~$10m p.a. This is expected to be a catalyst for further UK-based SaaS agreements.

External TTV through the PBJ platform has increased by $62,621,000 to $167,465,000 from $104,844,000 leading to an increase in external Revenue of $3,380,000 to $8,318,000 from $4,938,000, in the pcp. Note, not all our SaaS clients contributed to the pcp on a full run-rate basis.

Employee benefits is the single largest expense at $9,427,000 (2021: $6,455,000) with 72 staff in this segment mainly reflecting software engineers and an allocation of indirect staff expenses.

28.3 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 services. 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, Gatherwell Ltd as an External Lottery Manager (**ELM**) in the UK, and Stride as a Project Manager for charity lotteries in Canada.

	FY2022[1] $'000	**FY2021 $'000**	**Variance %**
TTV	31,822	16,693	90.6
Revenue	4,835	3,298	46.6
Gross profit	4,291	2,945	45.7
Operating expenses	(3,447)	(2,031)	69.7
EBITDA	844	914	(7.7)
Revenue / TTV - external	15.2%	19.8%	(4.6ppt)
Gross profit / Revenue	88.8%	89.3%	(0.5ppt)
Opex / Revenue	71.3%	61.6%	9.7ppt
EBITDA / Revenue	17.5%	27.7%	(10.2ppt)

[1] includes a 1-month contribution for Stride which was acquired 1 June 2022

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.

The Gatherwell business in the UK operates as an ELM with 19 staff and provides lottery manager services to ~190 brands (charities) (2021: 108) supporting 11,947 good causes (2021: 9,297). Employee benefits expenses and marketing expenses increased in FY2022 to drive growth in the medium term.

GBP £'000s	**FY2021 £'000**	**FY2021 £'000s**	**Change £'000**	**Variance %**
TTV	12,175	9,310	2,865	30.8
Revenue	2,288	1,840	448	24.3
EBITDA	682	663	19	2.9

The Stride business in Canada operates as a Project Manager with 27 full-time staff (with an additional 50 to 75 rostered casual call centre staff) and provides services including lottery operations, ticket fulfilment and marketing to charity lotteries in Alberta and Saskatchewan.

28.4 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.

	FY2022 $'000	FY2021 $'000	Variance %
Operating expenses	(6,850)	(6,358)	7.7

The main increase in expense was insurance expenses increased by $686,000 with increased premiums predominantly due to market conditions. Share-based payments increased $370,000 and finance expenses increased $140,000 with the new bank facility. Consulting and legal expenses decreased $321,000 with the pcp including one-off expenses relating to the TLC 10-year agreement, fair value movement in liabilities decreased $177,000, and Director fees decreased by $110,000 with some overlap in change in Chair and Non-executive Directors in the pcp.

28.5 Reconciliation of statutory EBITDA

	FY2022 $'000	FY2021 $'000
Lottery Retailing EBITDA	30,112	30,380
SaaS EBITDA	28,944	21,954
Managed Services EBITDA	844	914
Reconciling items	(6,850)	(6,358)
Other revenue - Group – see Note 1(b)	995	386
Group EBITDA	54,045	47,276

29. Financial position

The net assets of the Group have increased by $7,657,000 from 30 June 2021 to $92,983,000. The Group's working capital, being current assets less current liabilities, has increased from $45,271,000 in 2021 to $46,223,000 in 2022 mainly as a result of increased cash and cash equivalents of $5,791,000, increased trade and other receivables of $2,508,000, decreased other current assets $1,807,000, and increased trade and other payables of $5,234,000. Non-current assets increased by $10,938,000 to $56,192,000 due mainly to (i) an increase in intangible assets with the acquisition of Stride and (ii) the investment in the software platform.

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

30. Significant changes in State of Affairs

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

Increase in cash of $5,792,000 resulting from:	**30 June 2022 $'000**
– Cash provided by operating activities	44,193
– Cash used in investing activities-mainly acquisition of Stride and website development costs (intangibles)	(13,301)
– Cash raised from the issue of shares	1,213
– Payment of lease liabilities in financing activities	(1,017)
– Dividends paid	(25,296)
See Statement of Cash Flow for details	5,792

Increase in non-current assets of $10,938,000 resulting largely from:	**$'000**
– Investment in website development costs net of amortisation	41
– Goodwill (acquisition of Stride)	4,527
– Customer contracts and relationships (acquisition of Stride)	7,580
– Software (acquisition of Stride)	613
– Changes in other non-current assets – see Statement of Financial Position	(1,823)
	10,938

Increase in non-current liabilities of $4,233,000 resulting from:	**$'000**
– Contingent consideration (acquisition of Stride)	1,638
– Deferred tax liabilities	3,614
– Changes in other non-current liabilities – see Statement of Financial Position	(1,019)
	4,233

Remuneration Report

Contents

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 Limited for the 2022 financial year. This report provides a comprehensive overview of the structure of our remuneration framework and its alignment with our business strategy.

Year in review

The company has a strong reputation as a great place to work, providing a diverse and inclusive culture where our people can thrive through creativity and innovation. Our open and transparent communication helps to strengthen relationships across borders, contributing to an environment of trust and connectedness, underpinned by our core values. During the year, Jumbo was certified as a Great Place to Work in Australia, with >90% consensus amongst employees. Our distributed workplace and remote-first principles provide significant flexibility for our people. Removing geographical barriers has produced opportunities to recruit candidates from different locations and backgrounds, creating greater diversity amongst our team. Building a strong culture of engaged employees within our hybrid work model has been a determining factor in our success. We want our employees to feel heard and celebrated, and to have a sense of belonging.

In September 2021, we released an updated Commitment to Diversity, Equity and Inclusion (DEI) policy. Our DEI strategy reflects a range of key focus areas including pay equity, inclusion, gender diversity and cultural diversity, with outcomes that leverage diversity through inclusiveness such as increased workforce engagement, creativity, innovation, productivity, and retention. Our DEI goals include but are not limited to commitment to equal pay for equal work, achieving a gender balance of 40/40/20, and implementing a Reconciliation Plan. Jumbo is an honoured signatory of Hesta's 40:40 Vision and have pledged to achieve gender balance by 2030.

This year presented some challenges, as the COVID-19 pandemic continues to be hugely disruptive to the labour market. A strong demand for technical expertise has resulted in increased competition for candidates with specialised skills and the Great Resignation has many candidates rethinking their careers. This, coupled with higher inflation and the need to provide greater transparency around pay equity, has led to record high wage inflation, resulting in a higher level of salary increases being required to attract and retain top talent. At a Group level, wages are the highest they have been in the past five years, considering wage increases, headcount growth, and a full year of costs coming through for our Senior Leadership Group (established in April 2021).

Whilst operating in a challenging environment, employee engagement remains above external benchmarks at 83%, and 90% of employees agree that they would recommend Jumbo as an employer of choice. We are in the process of conducting a comprehensive review of our employee value proposition, which aims to distinguish Jumbo from our competitors by showcasing our business as a leading technology and growth company, with a strong focus on our sustainability, employee wellbeing, career development and purpose driven work practices. A keen focus on upskilling and reskilling our workforce will play a key role in developing our future talent pipeline. Jumbo prides itself on the internal career pathways we offer our team, from internal mobility that looks at both physical location, project variety and team secondment, to 38% internal succession into key roles in FY22. We recognise the need to continue to evolve our employer brand to meet the expectations of our team and to be competitive in the global demand for talent.

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. In November 2021, we established a Sustainability Council composed of senior leaders from across Jumbo which is responsible for the implementation of our sustainability program of work and reports directly to the Board each month. As part of its mandate, the Sustainability Council engaged with a broad range of internal and external stakeholders and completed our first ESG materiality assessment which prioritise key ESG topics based on the importance to our stakeholders and the impact on our business. We are proud to present our inaugural Sustainability Report for FY22 which is available on our website.

Our key priority areas and the ESG targets we are seeking to achieve over the medium-term centre on gender diversity, responsible gaming, delivering an industry leading player experience, employee engagement and achieving carbon neutral emissions. In FY23 we will commence Climate Active Australia's accreditation process as we seek to take positive action on climate change. In addition, ESG metrics will be included as part of the Executive KMP short term incentive scorecard.

FY22 short term incentive

A financial component (50%) of the FY22 short term incentive metrics requires achievement of underlying net profit after tax growth, subject to a sliding scale. Based on FY22 performance, 70% of this component was achieved. The operational component (50%) includes Group TTV and EBITDA thresholds, settlement of acquisitions in Canada and the UK, and US market entry via commercialisation of an agreement or acquisition. Settlement of Stride Management Corp. Canada was completed on 1 June 2022. Whilst the acquisition of StarVale Group was not settled within the performance period it is only awaiting approval of the change of control by the UK Gambling Commission which is anticipated by the end of Q1FY23. As a result, the Board exercised its judgement and discretion that payment would be made for this component. US market entry was not achieved, and no payment will be made for that component. The remaining measures for the non-financial components of the STI were achieved, the Board approved 90% of the maximum opportunity for these components. Overall, the Board approved 80% of the maximum opportunity available for short term incentives.

Our remuneration framework

Our remuneration framework was established in 2019 for a three-year cycle. We review our remuneration practices annually, making changes as necessary to adjust to a changing environment. In FY22, in consultation with independent remuneration advisor, Crichton + Associates, a review of our remuneration framework was conducted to ensure the framework remains effective for attracting and retaining staff as well as fostering a culture and behaviours that supports our growth strategy. Feedback from shareholders, regulators, and proxy advisors was also considered as part of the review process.

As a result of the review, our remuneration framework will be modified in FY23 for improved alignment with the Group's strategic priorities and to support the ongoing success of the Group. These modifications will position Jumbo with a framework aligned to comparable companies in the market. Most notably, long term incentive performance conditions were revised to further align performance with the creation of shareholder value supporting a more dynamic and flexible form of long term incentivisation. The revised framework is intended to run for a three-year cycle, reviewed annually to ensure continued alignments with the Group's strategic priorities.

We also undertook an independent benchmarking exercise on the level of remuneration for Executive KMP. The review showed that the current level of total fixed remuneration for direct reports of the CEO are below the market median for comparable companies, having not increased for the past two consecutive years. In response, the PCC recommended an increase of fixed annual remuneration for the CEO's direct reports for FY23. This recommendation was approved by the Board, however in response to the challenging economic environment at this time, the direct reports of the CEO have decided to defer the increase by 12 months. No increase will occur for the CEO.

A summary of the changes is shown below on pages 58 and 60.

Outlook

After many years of building our business, Jumbo has made three significant acquisitions since FY20 which include: Gatherwell and Stride, with StarVale expected to settle in Q1FY23. FY23 will see the consolidation and integration of these businesses into the Jumbo Group. Integration can be challenging as we bring together multiple businesses that do things differently, have varied cultures, multiple processes and systems, and who organise roles and responsibilities differently. Through strong strategic alignment we believe we can create growth opportunities for Jumbo and our subsidiaries. We have a clear strategy and a strong leadership group in place. Our senior leadership group will play a crucial role in unifying the Group and taking Jumbo to new heights.

I look forward to presenting our remuneration report to you at the Jumbo Annual General Meeting to be held on 10 November 2022.

Sharon A Christensen
Chair of People and Culture Committee

New Executive Remuneration Framework for FY2023

Remuneration Framework Review

Each year Jumbo reviews its remuneration framework, with FY22 being the final year of the framework's three-cycle. In FY23, enhancements to the remuneration framework will be implemented. Our approach has been informed by factors including an independent review by an external remuneration consultant, proxy advisor and shareholder feedback on the FY21 Remuneration Report, and our desire to pursue sustainable long-term growth for the Group and our shareholders.

Benchmark Peer Group

The starting point for the review of Executive remuneration was to identify a peer group of companies against which Jumbo could be benchmarked for the purpose of setting an applicable level of Total Remuneration Opportunity (TRO) for Executives going forward. The People and Culture Committee's (PCC) objective in remuneration is to support the delivery of business outcomes that grow shareholder value while continuing to explore value accretive business opportunities both domestically and internationally that will successfully diversify our revenue stream.

To fulfil this objective, we need to ensure that we can attract and retain Executives who can execute on this strategy. The comparator companies (ASX listed only) used for the purposes of the benchmark assessment of Executive KMP remuneration were determined based on Market Capitalisation (MCAP). The Comparator Group – MCAP ASX consists of ASX listed companies with a market capitalisation narrowly ranged in relation to Jumbo, with a slight upward emphasis given the growth aspirations of the business. This produced 28 companies with a market capitalisation ranging from $803 million to $1,781 million. Jumbo (MCAP) was positioned at about the median of this group at the time of benchmarking.

For FY23, the PCC undertook a review of Executive KMP fixed remuneration, having regard to market data provided by independent remuneration advisor, Crichton + Associates. The review showed that the current level of total fixed remuneration for direct reports of the CEO are below market median, having not increased for the past two consecutive years. In response, the PCC has recommended an increase of fixed annual remuneration for the CEO's direct reports, to be deferred for 12 months. This recommendation was approved by the Board. In addition, remuneration for members of the Senior Leadership Group and employees were benchmarked using a global rewards comparison tool. It is expected that salary costs will rise during FY23 in line with the market.

Key Changes

A notable change resulting from the review completed during FY22 involves the Long-Term Incentive (LTI) component of remuneration. The LTI is currently awarded on the achievement of a performance condition over a three-year period, comprising a 100% restricted equity component. At present, the long-term incentive has a single performance condition being a total shareholder return measure based on an average 15-year historic index growth rate, with the hurdle being cliff vesting, widely critiqued by proxy advisors and other shareholder representative groups.

Under the new framework equity grants will be awarded annually, contingent on the achievement of performance hurdles. Performance will be tested on the vesting date and the equity is at risk until vesting. All equity is held subject to service and performance for 3 years from grant date. The move to an annual grant allocation achieves a more dynamic and flexible form of long term incentivisation. A second performance condition of earnings per share will also be introduced. The long-term incentive is intended to reward Executive KMP for sustainable long-term growth aligned with shareholders' interests. The allocation values are intended to be positioned in the 3rd quartile of the relevant benchmark comparisons.

The TRO for each Executive will be targeted at the 3rd quartile, that is between the median and 75th percentile of executive remuneration of the comparator benchmark group. Total fixed remuneration for Executive KMP will generally be positioned between the median and 62.5th percentile of relevant comparable ASX listed companies assessed from time to time, as well as subject matter expertise and performance in the role.

From 1 July 2022, Richard Bateson ceased being a member of the Executive KMP and transitioned from the role of Chief Commercial Officer to the role of International Lottery Advisor reporting to the Chief Executive Officer (CEO). The new role will support the CEO in exploring international opportunities that would lead to long term profitability for all partners.

We are pleased to announce the promotion of Abby Perry to the Executive KMP team as Jumbo's first Chief People Officer (CPO) effective 26 August 2022. Jumbo's growth is strongly supported by our people strategy and the CPO will oversee all elements of people operations across the organisation including diversity, equity and inclusion, workplace culture, organisational design, talent acquisition, employee experience and engagement, and learning and development. Abby brings a wealth of experience in human resources and people operations, having worked in leadership roles within the technology industry over the past 10 years. This role will report to the CEO.

We believe that our new remuneration approach will improve the alignment between strategic business objectives, shareholder returns and senior Executive remuneration. We are however acutely aware that this new remuneration approach may need to evolve as the business continues to grow and as such we will actively engage with shareholders, proxy advisors and remuneration consultants and consider their valued feedback.

FY23 Performance Metrics

The short and long-term incentive scorecard has been designed to ensure strong alignment between the strategic goals of the Group and Executive KMP remuneration. From FY2023, the short-term and long-term incentive schemes will be expanded to include all members of the Senior Leadership Group.

Short-term incentive (STI)

	Metric	**Target**	**Weighting**
Financial (50%)	Underlying NPAT	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)	100%
Non-Financial (50%)	Group Financials	Underlying NPAT (Gate for Non-Financial KPIs)	40%
		ROIC	
		Lotterywest Expanded Agreement	
	Sustainability	Gender Diversity	10%
		Climate Active Certification	
		Carbon Neutral	
		Sustainability Benchmarking	
	Customer	Increase of Active Players	30%
	Employee	Employee Engagement Index	10%
		Voluntary Employee Attrition	
	Individual	Performance Evaluation	10%

Long-Term Incentive (LTI)

	Metric	**Target**	**Weighting**
	JIN Shares	Relative TSR (Comparator Group – ASX 300 Accumulated Index)	60%
		Underlying EPS Growth	40%

Executive KMP Remuneration Objective

To attract, motivate and retain competent executives across Jumbo Interactive's business	The creation of reward differentiation to drive performance values and behaviours	An appropriate balance between 'fixed' and 'at risk' components	Shareholder value creation through equity incentives that meet contemporary design standards

Total remuneration opportunity (TRO) is set by reference to the relevant geographic market

Fixed	At risk	
Total Fixed Remuneration (TFR)	Short-term Incentives (STI)	Long-term Incentives (LTI)
TFR is set based on relevant market relativities, reflecting responsibilities performance, qualifications, experience and geographic location	Established STI with performance targets comprising both financial (50%) and operational; (50%) set annually	LTI targets are linked to Jumbo Interactive Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth set anually
Remuneration will be delivered as		
Base salary inclusive of any fixed elements related to local markets, including superannuation or equivalents	Awarded as 50% Cash and 50% Equity (performance rights), deferred for two years into shares	Equity (Performance Rights). All equity is held subject to service and performance for 3 years from grant date. The equity is at risk until vesting. Performance is tested once at the vesting date.
Strategic intent and marketing positioning		
TFR will generally be positioned at the median compared to relevant market-based data considering expertise and performance in the role	Performance incentive is directed to achieving Board approved targets, reflective of market circumstances. TFR +STI is intended to be positioned in the 3rd quartile of the relevant benchmark comparisons	LTI is intended to reward executive KMP for sustainable long-term growth aligned to shareholders' interests. LTI allocation values are intended to be positioned in the 3rd quartile of the relevant benchmark comparisons

Total Remuneration Opportunity (TRO)

TRO is intended to be positioned in the 3rd quartile compared to relevant benchmark comparisons. 4th quartile TRO may result if outperformance is achieved. The remuneration structure is designed to ensure top quartile executive KMP remuneration is only achieved if Jumbo Interactive outperforms.

Remuneration Report for FY2022 - Audited

The Directors present the Jumbo Interactive Limited Remuneration Report for Key Management Personnel (**KMP**) for the year ended 30 June 2022. 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.

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Group for the year ended 30 June 2022 and is prepared in accordance with Section 300A of the *Corporations Act 2001*. The information has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

1. Who is covered by this Report

This Report outlines the remuneration arrangements in place for KMP of the Group in FY2022, 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
Non-Executive Directors		
Susan Forrester	Non-Executive Director and Chair of Board of Directors	Full year
Giovanni Rizzo	Non-Executive Director	Full year
Sharon Christensen	Non-Executive Director	Full year
Executive KMP		
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
Richard Bateson	Chief Commercial Officer	Full year

2. Remuneration governance

The executive remuneration governance framework is managed by the 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, CFO, 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 Non-executive Directors, including the process by which any pool of Non-executive Directors' fees approved by shareholders is allocated to Non-executive 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).

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

The total cost relating to external and independent advice from Crichton + Associates is $36,308.

The Board is satisfied that no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided by Crichton + Associates or any other external remuneration advisors during FY2022.

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 PCC.

Executive KMP	Notice period[1]	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
Richard Bateson	6 months	2 years

[1] 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 2022 $	Consolidated Group 2021 $
i. Mr Mike Rosch, the father of Mr Mike Veverka, the CEO and executive Director of the Company, rented an office from the Group.		
– office rent received	12,706	9,956
– amounts owing to Group at year end	1,165	1,165
ii. Mrs Julie Rosch, the mother of Mr Mike Veverka, the CEO and Executive Director of the Company, is engaged as a full-time employee within the Group.		
– Salary and superannuation	86,900	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

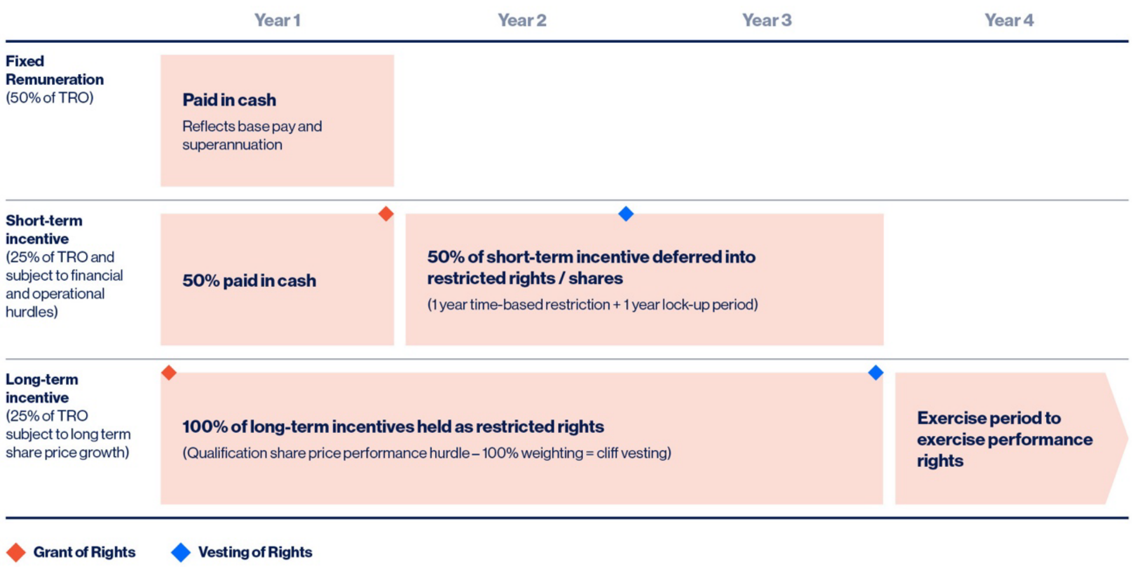
- Clearly articulate the remuneration approach and outcomes so they are easy to understand and more transparent to shareholders
- Strengthen alignment of remuneration with our strategic vision, with its unique challenges and opportunities, to create long-term shareholder value
- Attract, motivate and 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 performance 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**
Financial **(50%)**	Underlying NPAT[1]	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)	100%
Non-Financial (50%)	Group Financials	Group TTV $650m (minimum TTV $550m)	15%
		Group EBITDA $54m (minimum EBITDA $48M)	10%
	Canada ELM	Settlement of earnings accretive acquisition of Stride Management	40%
	UK ELM	Settlement of earnings accretive acquisition of StarVale Group	25%
	US Market	Commercialisation of any agreement and/or on settlement of an acquisition	10%

[1] statutory NPAT before non-recurring, non-operating items,

Setting the annual STI pool	The PCC set an organisational total financial STI pool before the start of the financial year based on growth from the prior financial year. The financial STI pool is formed as follows: – for every 1% of underlying NPAT growth between 6.0% to 10.0% underlying NPAT growth over the prior financial year, 0.5% of NPAT will be allocated to the STI pool – for every 1% of underlying NPAT growth between 10.0% to 20.0% underlying NPAT growth over the prior financial year, 0.25% of NPAT will be allocated to the STI pool – total organisational pool size will be capped at 5% of annual NPAT Each executive's share of the total STI pool created will be based on a calculation schedule of receiving between 0% to 100% of their maximum potential Financial STI opportunity depending on the level of underlying NPAT growth achieved between 6% to 20%. As an example, if the underlying NPAT growth for the financial year lands at 12%, then the executive will receive 60% of their maximum Financial STI potential.
Board discretion	The Board retains absolute discretion in respect of STI awards and final vesting outcomes. As part of its overarching discretion, the Board may reduce final STI outcomes having regard to affordability considerations and the Group's financial performance over the period.
Forfeiture and Termination	In the event of resignation or dismissal for cause or significant underperformance prior to payment of the STI, an Executive KMP is not eligible for any STI award. If an Executive KMP had ceased employment on or after 1 April 2022 up to 30 June 2022 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.
Malus and Clawback	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. 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.

Long-term incentive (LTI)

Each Executive will receive an annual grant of rights to a dollar value equal to 25% of TRO.

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.

Jumbo's share price performance hurdle is determined in three steps:

1. 'Total return' will be based on 15-year average return of the ASX All Ordinaries Total Return index;
2. 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;
3. Dividends declared over the three-year performance period will be added to the closing performance price.

Forfeiture and Termination	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.
Malus and Clawback	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. 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.

4. FY2022 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 2022	FY 2021	FY 2020	FY 2019	FY 2018
TTV continuing operations ($'000s)	$659,924	$486,981	$348,601	$320,659	$183,146
Net profit after tax – continuing operations ($'000s)	$31,176	$26,959	$25,883	$26,420	$11,753
Net profit after tax – overall operations ($'000s)	$31,176	$26,959	$25,883	$26,420	$12,127
Share price at year end (cps)	1422	1777	958	2015	500
Dividends paid per share (cps)	40.5	35.0	40.0	34.0	35.5
Total shareholder return (%)	(17.7%)	89.1%	(50.5%)	309.8%	101.3%
Earnings per share (cps)	49.9	43.2	41.5	43.9	23.4
Return on capital employed (%)	33.5%	31.6%	32.8%	34.1%	25.7%
Market capitalisation ($'000s)	$892,664	$1,109,714	$598,020	$1,251,794	$271,871

4.2 Fixed Remuneration

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

2022	Duration of service agreement	Fixed remuneration as at end of FY2022[1]
Mike Veverka	Ongoing	$800,000
David Todd	Ongoing	$350,000
Xavier Bergade	Ongoing	$350,000
Brad Board	Ongoing	$350,000
Richard Bateson	Ongoing	$463,750

[1] Fixed remuneration includes base salary plus superannuation at 10.0%, except Richard Bateson who is subject to UK mandatory withholdings

For FY2023, the PCC determined no changes would be made to the fixed remuneration for the executive KMP. It is noted that superannuation increases to 10.5% from 1 July 2022. This increase in superannuation will not increase the fixed remuneration for executives as fixed remuneration includes statutory superannuation contributions.

Richard Bateson receives some of his remuneration for services provided in the USA under a consulting agreement with his consulting company in the USA and services provided elsewhere in the world under an employment agreement through Gatherwell.

4.3 Short-term incentive outcomes

The Group's performance in FY2022 aligned with expectations, delivering a 14% increase in underlying NPAT growth while achieving some operational targets that support future growth. As a result of the performance, the Board awarded Executives 80% 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 FY2022 performance against key measures and the impact on variable remuneration are outlined below.

Metric	Target	Performance	Achievement of Target
STI			
Underlying NPAT	6% to 20% and above increase	14% increase	70%
Group TTV	$650.0m with minimum $550.0m	$659.9m	100%
Group EBITDA	$54.0m with minimum $48.0m	$54.0m	100%
UK ELM acquisition	Completed by 30 June 2022	Signed 27 January 2022 – awaiting UK Gambling Commission approval	100%
Canada ELM acquisition	Completed by 30 June 2022	Completed 1 June 2022	100%
Enter US market	Complete acquisition of commercialise agreement by 30 June 2022	No acquisition or agreement	0%

4.3.1 Board discretion

The Board awarded the UK ELM acquisition in respect of the StarVale Group agreement that has been signed 27 January 2022 and is only awaiting UK Gambling Commission approval in Q1 FY2023. The original application was submitted 21 March 2022, all requested information has been provided, and we reasonably expect that this approval will be forthcoming. The Board has therefore exercised its discretion and considered this an 'achievement of target'. The Group's Clawback Policy will apply should the transaction not proceed for any reason.

4.3.2 Awards granted and forfeited in FY2022

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

2022	Total Opportunity $	Awarded %	Forfeited %
Mike Veverka	400,000	80%	20%
David Todd	175,000	80%	20%
Xavier Bergade	175,000	80%	20%
Brad Board	175,000	80%	20%
Richard Bateson	175,000	80%	20%

4.3.3 Deferred short-term incentive component

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

The PCC has recommended the grant of 11,134 FY22 STI rights to Mike Veverka subject to shareholder approval at the 2022 AGM and 19,484 FY22 STI rights to KMP subject to Director approval at a Board meeting on the 2022 AGM date.

4.4 Long-term incentive outcomes

The table below shows for each KMP, the value of rights that were granted in FY2022 as part of their TRO.

2022	Total granted $
Mike Veverka	400,000
David Todd	175,000
Xavier Bergade	175,000
Brad Board	175,000
Richard Bateson	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 value of LTI rights that were awarded or granted relating to the financial period ended 30 June 2022 are as follows:

Grant date	Vesting date	Grant date value
28 October 2021	1 July 2024[1]	$9.466
28 October 2021	4 November 2023[2]	$10.296

[1]FY2022 LTIs

[2]Special LTIs as a one-off recognition of effort in relation to the renegotiation of the TLC Agreement

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:

FY2022	No. rights granted	No. rights vested	Fair value per right at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable
Directors							
Susan Forrester							
NED service rights	1,366	-	$15.701	-	$18.30	1 Jul 2025	1 Jul 2022
NED service rights	1,366	-	$15.330	-	$18.30	1 Jul 2026	1 Jul 2023
NED service rights	1,366	-	$14.967	-	$18.30	1 Jul 2027	1 Jul 2024
Sharon Christensen							
NED service rights	1,366	-	$15.701	-	$18.30	1 Jul 2025	1 Jul 2022
NED service rights	1,366	-	$15.330	-	$18.30	1 Jul 2026	1 Jul 2023
NED service rights	1,366	-	$14.967	-	$18.30	1 Jul 2027	1 Jul 2024
Mike Veverka							
LTI rights FY2022	23,419	-	$9.466	-	-	1 Jul 2025	1 Jul 2024
STI rights FY2021	7,319	7,319	$16.507	-	-	30 Jun 2022	30 Jun 2022
	38,934	7,319					
Other key management personnel							
David Todd							
LTI rights FY2022	10,246	-	$9.466	-	-	1 Jul 2025	1 Jul 2024
STI rights FY2021	3,202	3,202	$16.507	-	-	30 Jun 2022	30 Jun 2022
Xavier Bergade							
LTI rights FY2022	10,246	-	$9.466	-	-	1 Jul 2025	1 Jul 2024
STI rights FY2021	3,202	3,202	$16.507	-	-	30 Jun 2022	30 Jun 2022
Brad Board							
LTI rights FY2022	10,246	-	$9.466	-	-	1 Jul 2025	1 Jul 2024
STI rights FY2021	3,202	3,202	$16.507	-	-	30 Jun 2022	30 Jun 2022
Richard Bateson							
LTI rights FY2022	10,246	-	$9.466	-	-	1 Jul 2025	1 Jul 2024
	50,590	9,606					
	89,524	16,925					

The NED service rights are granted for a consideration of $18.30 per right and have a time-bound vesting period only.

The LTI rights FY2022 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2024 is equal to or more than $20.17 less any dividends paid during the term.

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 FY2022 was $10.92.

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 2022 are as follows:

FY2022	No. rights granted	No. rights vested	Fair value per right at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable
Directors							
Mike Veverka							
LTI rights FY2020	20,202	-	$17.513	-	-	1 Jul 2023	1 Jul 2022
LTI rights FY2021	40,201	-	$6.254	-	-	1 Jul 20234	1 Jul 20223
LTI rights TLC	16,393	-	$7.565			4 Nov 2023	4 Nov 2023
	76,796	-					
Other key management personnel							
David Todd							
LTI rights FY2020	8,838	-	$17.513	-	-	1 Jul 2023	1 Jul 2022
LTI rights FY2021	17,588	-	$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights TLC	8,197	-	$7.565			4 Nov 2023	4 Nov 2023
Xavier Bergade							
LTI rights FY2020	8,838	-	$17.513	-	-	1 Jul 2023	1 Jul 2022
LTI rights FY2021	17,588	-	$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights TLC	8,197	-	$7.565			4 Nov 2023	4 Nov 2023
Brad Board							
LTI rights FY2020	8,838	-	$17.513	-	-	1 Jul 2023	1 Jul 2022
LTI rights FY2021	17,588	-	$6.254	-	-	1 Jul 2024	1 Jul 2023
LTI rights TLC	8,197	-	$7.565			4 Nov 2023	4 Nov 2023
	103,869	-					

The NED service rights are granted for a consideration of $18.30 per right and have a time-bound vesting period only.

The LTI rights FY2020 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.

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

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

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

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 and options

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

FY2022	Number of shares issued on exercise of rights and options	Number of rights and options exercised	Amount paid per share	Amount unpaid per share
Directors				
Mike Veverka - rights	17,369	17,369	-	-

FY2022	Number of shares issued on exercise of rights and options	Number of rights and options exercised	Amount paid per share	Amount unpaid per share
	17,369	17,369		
Other key management personnel				
David Todd - rights	7,599	7,599	-	-
Xavier Bergade - rights	7,599	7,599	-	-
Xavier Bergade – options	300,000	300,000	$3.50	
Brad Board - rights	7,599	7,599	-	-
	322,797	322,797		

4.4.3 Value of rights to key management personnel

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

FY2022	Value of options or rights at grant date[1] $	Value of options or rights exercised at exercise date[2] $
Directors		
Mike Veverka - rights	245,497	269,499
Other key management personnel		
David Todd - rights	107,406	117,907
Xavier Bergade - rights	107,406	117,907
Xavier Bergade - options	100,350	4,890,000
Brad Board - rights	107,406	117,907

[1] The value of options and rights granted during the period differs to the expense recognised as part of each key management persons' remuneration in (c) above because this value is the grant date fair value calculated in accordance with AASB 2 Share-based Payment.

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

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

FY2022	Balance at 1 July 2021	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2022	Vested at 30 June 2022	Total vested and exercisable at 30 June 2022	Total vested and unexercisable at 30 June 2022
Xavier Bergade	600,000	-	(300,000)	-	300,000	300,000	300,000	-
	600,000	-	(300,000)	-	300,000	300,000	300,000	-

Rights to deferred shares

FY2022	Balance at 1 July 2021	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2022	Vested at 30 June 2022	Total vested and exercisable at 30 June 2022	Total vested and unexercisable at 30 June 2022
Susan Forrester	-	4,098	-	-	4,098	-	-	-
Sharon Christensen	-	4,098	-	-	4,098	-	-	-

FY2022	Balance at 1 July 2021	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at 30 June 2022	Vested at 30 June 2022	Total vested and exercisable at 30 June 2022	Total vested and unexercisable at 30 June 2022
Mike Veverka	86,846	30,738	(17,369)	-	100,215	-	-	-
David Todd	39,020	13,448	(7,599)	-	44,869	-	-	-
Xavier Bergade	39,020	13,448	(7,599)	-	44,869	-	-	-
Brad Board	39,020	13,448	(7,599)	-	44,869	-	-	-
Richard Bateson	-	10,246	-	-	10,246	-	-	-
	203,906	89,524	(40,166)	-	253,264	-	-	-

5. Total Executive remuneration and benefits

2022	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[1] $	Total $	Proportion of remuneration that is performance based %
Mike Veverka	821,486	160,000	-	33,566	12,115	-	491,817	1,518,984	42.9
David Todd	346,569	70,000	-	27,500	5,300	-	212,136	661,505	42.7
Xavier Bergade	342,325	70,000	-	31,818	4,077	-	212,136	660,356	42.7
Brad Board	342,540	70,000	-	31,818	5,300	-	212,136	661,794	42.6
Richard Bateson[2]	463,750	70,000	-	-	-	-	102,330	636,080	27.1
Total Executive remuneration	2,316,670	440,000	-	124,702	26,792	-	1,230,555	4,138,719	40.4

[1] includes share-based payments over the remaining term on those options and rights exercised, if any, during the financial year

[2] included in KMP from 1 July 2021

2021	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[1] $	Total $	Proportion of remuneration that is performance based %
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

[1] 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 but may acquire rights as a salary sacrifice under a Non-Executive Director Rights Plan. The fees are inclusive of superannuation.

Board and Committee fees (per annum)	FY2022	1 July 2020 to 31 March 2021	1 April 2021 to 30 June 2021
Chair of the Board	$213,000	$188,000	$213,000
Non-Executive Directors	$125,000	$100,000	$125,000
Committee Chair (Audit and Risk)	$15,000	$15,000	$15,000
Committee Chair (People and Culture)	$15,000	$15,000	$15,000
Committee Member (Audit and Risk)	$10,000	$10,000	$10,000
Committee Member (People and Culture)	$10,000	$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

2022	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 %
Susan Forrester	194,167	-	-	19,417	-	-	19,416	233,000	-
Sharon Christensen	121,591	-	-	3,409	-	-	25,000	150,000	-
Giovanni Rizzo	136,364	-	-	13,636	-	-	-	150,000	-
Total Non-Executive remuneration	452,122	-	-	36,462	-	-	44,416	533,000	-

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

[1] Appointed 7 September 2020
[2] Ceased 29 October 2020
[3] Ceased 31 March 2021
[4] Ceased 1 January 2021

7. KMP shareholdings

FY2022	Balance at 1 July 2021	Granted as remuneration during the year	Issued on exercise of options or rights during the year	Other changes during the year	Balance at 30 June 2022
Directors					
Mike Veverka	9,515,729	-	17,369	(676,197)	8,856,901
Susan Forrester	20,000	-	-	10,000	30,000
Sharon Christensen	3,550	-	-	-	3,550
Giovanni Rizzo	2,000	-	-	-	2,000
Other key management personnel					
David Todd	50,000	-	7,599	-	57,599
Xavier Bergade	150,000	-	307,599	-	457,599
Brad Board	10,000	-	7,599	15,628	33,227
Richard Bateson	-	-	-	10,246	10,246
	9,751,279	-	340,166	(640,323)	9,451,122

End of remuneration report - audited

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor of Jumbo Interactive Limited for the year ended 30 June 2022, 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.

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2022

Financial Report

Contents

Jumbo Interactive Limited and its Controlled Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Revenue from operations	2	104,251	83,319
Cost of sales	3	(14,473)	(8,339)
Gross profit		89,778	74,980
Other revenue/income	2	1,058	570
Distribution expenses		(20)	(20)
Marketing costs		(8,597)	(5,698)
Occupancy expenses	3	(146)	(93)
Administrative expenses	3	(36,457)	(30,306)
Fair value movement on financial liabilities	18(d)	-	(177)
Finance costs	3	(303)	(202)
Impairment of receivables		(76)	-
Profit before income tax expense		45,237	39,054
Income tax expense	4	(14,061)	(12,095)
Profit after income tax expense for the year attributable to the owners of Jumbo Interactive Limited		31,176	26,959
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(775)	249
Other comprehensive income for the year, net of tax		(775)	249
Total comprehensive income for the year attributable to the owners of Jumbo Interactive Limited		30,401	27,208

Earnings Per Share (cents per share)		cents	cents
Basic earnings per share (cents per share)	5	49.9	43.2
Diluted earnings per share (cents per share)	5	49.3	42.8

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 2022

	Notes	2022 $'000	2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	68,930	63,139
Trade and other receivables	7	6,065	3,557
Inventories		31	16
Other current assets	18(d)	-	1,807
TOTAL CURRENT ASSETS		75,026	68,519
NON-CURRENT ASSETS			
Property, plant and equipment	8	695	396
Intangible assets	9	50,805	39,480
Right-of-use assets	10	2,864	3,831
Deferred tax assets	4	1,828	1,547
TOTAL NON-CURRENT ASSETS		56,192	45,254
TOTAL ASSETS		131,218	113,773
CURRENT LIABILITIES			
Trade and other payables	11	24,530	19,296
Lease liabilities	13	1,022	1,013
Current tax liabilities	4	613	433
Contingent consideration at fair value	19(b)	1,820	1,807
Employee benefit obligations	12	818	699
TOTAL CURRENT LIABILITIES		28,803	23,248
NON-CURRENT LIABILITIES			
Lease liabilities	13	2,181	3,120
Employee benefit obligations	12	525	605
Make good provision		22	22
Contingent consideration at fair value	19(b)	1,638	-
Deferred tax liabilities	4	5,066	1,452
TOTAL NON-CURRENT LIABILITIES		9,432	5,199
TOTAL LIABILITIES		38,235	28,447
NET ASSETS		**92,983**	**85,326**
EQUITY			
Contributed equity	16	81,390	80,177
Profits Appropriation Reserve		9,610	3,730
Reserves		1,983	1,419
TOTAL EQUITY		**92,983**	**85,326**

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 2022

Consolidated group	Contributed equity $'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 2020	80,089	(1,372)	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
Transactions with owners in their capacity as owners						
Issue of shares (Note 16(a))	88	-	-	-	-	88
Dividends paid (Note 15)	-	(21,857)	-	-	-	(21,857)
Share-based payments (Note 26)	-	-	968	-	-	968
Total transactions with owners in their capacity as owners	88	(21,857)	968	-	-	(20,801)
Balance at 30 June 2021	80,177	3,730	4,227	(506)	(2,302)	85,326
Balance at 1 July 2021	80,177	3,730	4,227	(506)	(2,302)	85,326
Total comprehensive income for the year						
Profit for the year	-	31,176	-	-	-	31,176
Other comprehensive income, net of tax	-	-	-	(775)	-	(775)
Total comprehensive income for the year	-	31,176	-	(775)	-	30,401
Transactions with owners in their capacity as owners						
Issue of shares (Note 16(a))	1,213	-	-	-	-	1,213
Dividends paid (Note 15)	-	(25,296)	-	-	-	(25,296)
Share-based payments (Note 26)	-	-	1,339	-	-	1,339
Total transactions with owners in their capacity as owners	1,213	(25,296)	1,339	-	-	(22,744)
Balance at 30 June 2022	81,390	9,610	5,566	(1,281)	(2,302)	92,983

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 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		113,644	93,582
Payments to suppliers and employees (GST inclusive)		(56,026)	(46,378)
Interest received		63	185
Interest and other costs of finance paid		(174)	(35)
Interest on lease liabilities		(129)	(167)
Income tax paid		(13,185)	(12,071)
Net cash inflows from operating activities	6(b)	44,193	35,116
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	8	(326)	(96)
Payment for The Lottery Corporation extension fee intangible asset	9(a)	-	(15,000)
Payments for other intangibles	9(a)	(5,715)	(6,408)
Payment for purchase of business net of cash acquired	19	(7,955)	-
Proceeds from sale of subsidiary net of cash provided		691	-
Proceeds from sale of assets	8	4	14
Net cash (outflows) from investing activities		(13,301)	(21,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	16	1,213	88
Payment of lease liabilities		(1,017)	(978)
Dividends paid	15	(25,296)	(21,857)
Net cash (outflows) from financing activities		(25,100)	(22,747)
Net (decrease) in cash and cash equivalents		5,792	(9,121)
Net foreign exchange differences		(1)	1
Cash and cash equivalents at beginning of year		63,139	72,259
Cash and cash equivalents at end of year	6(a)	68,930	63,139

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 2022

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 2022. The Directors have the power to amend and reissue the consolidated financial statements.

The consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with the *Corporations Act 2001*, Australian Accountings Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and International Financial reporting Standards (**IFRS**) issued by the International Financial Standards Board;
- have been prepared under the historical cost convention;
- are presented in Australian dollars (**A$**), with all amounts in the financial report being rounded off in accordance with the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission to the nearest thousand dollars, unless otherwise indicated;
- where necessary, comparative information has been restated to conform with changes in presentation in the current year; and
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group effective for reporting periods beginning on or after 1 July 2021.

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**	**97**
Goodwill and other intangible assets	9	97
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. Increased levels of customer activity and large jackpot activity.
2. The acquisition of Stride Management Corp. Canada for cash on 1 June 2022 (see Note 19: Business Combination for details).
3. Payment of dividends (see Note 15: Dividends for details).
4. Sale of wholly owned subsidiary Intellitron Pty Ltd

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.

Note 1: Segment reporting

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

(a) Description of segments

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

Lottery Retailing

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

Software-as-a-Service (SaaS)

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

Managed Services

Provision of SaaS related services for authorised businesses and charities (**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 and Stride Canada providing lottery project management services using its proprietary lottery software platform and digital payment solutions to charities in Canada.

Intersegment eliminations

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

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

2022	**Lottery Retailing $'000**	**SaaS $'000**	**Managed Services $'000**	**Intersegment eliminations $'000**	**Total $'000**
Consolidated EBIT					45,303
Net interest - revenue					(66)
Consolidated Net profit before tax					45,237
Income tax expense					(14,061)
Consolidated Net profit after tax (see Profit or Loss)					**31,176**

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)	-
Total segment sales revenue	**75,083**	**32,060**	**3,298**	**(27,122)**	**83,319**
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)
EBITDA	**30,380**	**21,954**	**914**	**-**	**53,248**
Reconciliation to Statutory Consolidated results					
Total segments revenue					83,319
Consolidated Revenue (see Note 2)					**83,319**
Total segment EBITDA					**53,248**
Other reconciling items (Corporate)					
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)

2021	Lottery Retailing $'000	SaaS $'000	Managed Services $'000	Intersegment eliminations $'000	Total $'000
Consolidated operating profit					46,890
Other revenue					386
Consolidated EBITDA					47,276
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)
Consolidated Net profit after tax (see Profit or Loss)					**26,959**

(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.

	Consolidated Group	
Total revenue and other income from external customers	**2022 $'000**	**2021 $'000**
Australia (domicile)	95,650	76,049
United Kingdom	4,159	3,265
Canada	618	-
Fiji	940	1,016
Other	3,942	3,559
	105,309	83,889

Non-current assets in Australia are $33,455,000 (2021: $43,701,000). Non-current assets in other countries are (i) United Kingdom $7,156,000 (2021: $7,897,000), (ii) Canada $13,749,000 (2021: n/a) and (iii) Fiji $4,000 (2021: $2,000). Non-current assets exclude financial instruments and deferred tax assets.

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

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	
	2022 $'000	**2021 $'000**
Sales revenue		
– Revenue from sale of goods[1]	1,514	1,637
– Revenue from rendering of services[1]	102,737	81,682
Total sales revenue	104,251	83,319
Other revenue/income		
– Interest	63	185
Other income		
– Foreign exchange gains	457	264
– Profit on disposal of entity[2]	525	-
– Other	13	121
Total other revenue/income	1,058	570
	105,309	83,889

[1]the Consolidated Entity derives revenue from the transfer of goods and services at a point-in-time.

[2]Wholly owned subsidiary Intellitron Pty Ltd was sold on 30 June 2022.

Disaggregation of revenue from contracts with customers

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

2022	**Lottery Retailing $'000**	**SaaS $'000**	**Managed Services $'000**	**Intersegment Eliminations $'000**	**Total $'000**
Main geographic markets					
Australia (domicile)	86,217	42,618	148	(34,390)	94,593
United Kingdom	-	90	4,069	-	4,159
Canada	-	-	618	-	618
Fiji	940	-	-	-	940
Other	3,941	-	-	-	3,941
	91,098	**42,708**	**4,835**	**(34,390)**	**104,251**
Customer type					
B2C	91,098	-	-	-	91,098
B2B	-	39,415	4,835	(34,390)	9,860
B2G	-	3,293	-	-	3,293
	91,098	**42,708**	**4,835**	**(34,390)**	**104,251**
Main products and services					
Draw lottery games	85,513	-	-	-	85,513
Charity lottery games	2,979	-	-	-	2,979
Instant win games	701	-	-	-	701
Software licencing fees	-	42,708	-	(34,390)	8,318
Lottery management services	-	-	4,835	-	4,835
Miscellaneous	1,905	-	-	-	1,905
	91,098	**42,708**	**4,835**	**(34,390)**	**104,251**
Other revenue/income					1,058
External revenue and other income as reported in Note 2 above					**105,309**

2021	Lottery Retailing $'000	SaaS $'000	Managed Services $'000	Intersegment Eliminations $'000	Total $'000
Main geographic markets					
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
	75,083	**32,060**	**3,298**	**(27,122)**	**83,319**
Customer type					
B2C	75,083	-	-	-	75,083
B2B	-	30,648	3,298	(27,122)	6,824
B2G	-	1,412	-	-	1,412
	75,083	**32,060**	**3,298**	**(27,122)**	**83,319**
Main products and services					
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
	75,083	**32,060**	**3,298**	**(27,122)**	**83,319**
Other revenue/income					570
External revenue and other income as reported in Note 2 above					**83,889**

Recognition and measurement

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

Sale of Goods and/or Rendering of Services

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

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

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

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

Interest

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

Profit on disposal of entity

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

Note 3: Expenses

Profit before income tax includes the following specific expenses:

	Consolidated Group	
	2022 $'000	**2021 $'000**
Cost of sales		
– Sale of goods	789	536
– Rendering of services	13,684	7,803
Total cost of sales	14,473	8,339
Administration expenses		
Depreciation of non-current assets		
– Plant and equipment	178	135
Amortisation of non-current assets		
– Leasehold improvements	37	36
– Intangibles	7,474	6,986
– Right-of-use assets	1,053	1,082
Total depreciation and amortisation	8,742	8,239
Other administration expenses		
– Employee benefit expense	14,277	10,647
– Share-based payments expense	1,339	968
– Defined contribution superannuation expense	1,580	1,409
– Other administration expenses	10,519	9,043
Total administrative expenses	36,457	30,306
Finance costs		
Interest expense on lease liabilities	129	167
Interest and other costs of finance	174	35
Finance costs expensed	303	202
Occupancy expenses		
– Short-term lease rentals minimum lease payments	146	93
Fair value movement on financial liabilities	-	177

Note 4: Income tax

Current tax

Current	Consolidated 2022 $'000	2021 $'000
Income tax liability	613	433

(a) Income tax expense

	Note	Consolidated 2022 $'000	2021 $'000
The components of tax expense comprise:			
– Current tax		12,805	11,049
– Deferred tax	4(b)	971	825
– Underprovision of tax in prior years		55	1
– Current tax relating to overseas operations		230	220
Total income tax expense in profit or loss		14,061	12,095
Reconciliation			
Profit before income tax expense		45,237	39,054
– Tax at the Australian tax rate 30% (2021:30%)		13,571	11,716
– Income tax effect of overseas tax rates		(116)	(143)
– Share options expensed during year		402	290
– Other		204	232
Total income tax expense in profit or loss		14,061	12,095

(b) Deferred tax

Deferred tax liabilities (DTL)	Opening balance $'000	Charged to Profit or Loss $'000	Charged directly to equity $'000	Adjustment on acquisition[1] $'000	Foreign exchange differences $'000	Closing balance $'000
Deferred tax liabilities comprise temporary difference recognised in the profit or loss as follows:						
Intangible assets						
– Amortisation	282	1,122	-	-	-	1,404
Accruals	62	(14)	-	-	-	48
Other	-	-	-	-	-	-
Balance at 30 June 2021	**344**	**1,108**	**-**	**-**	**-**	**1,452**
Intangible assets						
– Amortisation	1,404	1,251	-	-	-	2,655
Accruals	48	1	-	-	-	49
Other	-	-	2	2,348	12	2,362
Balance as at 30 June 2022	**1,452**	**1,252**	**2**	**2,348**	**12**	**5,066**

[1]See Note 19: Business Combination for details

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	170	13	183
– Amortisation	-	-	-
Accruals	180	188	368
Provisions	762	66	828
Other	153	15	168
Balance at 30 June 2021	**1,265**	**282**	**1,547**
Property, plant and equipment			
– Depreciation	183	(39)	144
Accruals	368	356	724
Provision	828	33	861
Other	168	(69)	99
Balance as at 30 June 2022	**1,547**	**281**	**1,828**

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	
	2022 $'000	**2021 $'000**
Profit attributable to the owners of the Company	31,176	26,959

(d) Weighted average number of shares used as denominator

	Consolidated	
	2022 Number	**2021 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	62,537,615	62,448,139
Adjustments for calculation of diluted EPS:		
– Options and rights	659,619	621,604
Weighted average number of ordinary shares used as the denominator in calculating diluted EPS	63,197,234	63,069,743

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

OPERATING ASSETS AND LIABILITIES

In this section

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

Note 6: Cash and cash equivalents

		Consolidated	
	Note	**2022 $'000**	**2021 $'000**
(a) Cash and cash equivalents			
Total cash and cash equivalents		68,930	63,139
Included in the above balance:			
General account balances		60,015	53,837
Online lottery customer account balances	11	8,915	9,302
		68,930	63,139

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

At the review period end 30 June 2022, $1,153,000 (2021: $1,066,000) was held in trust for the payment of prizes and charity distributions relating to the Gatherwell business, and neither the cash nor the corresponding liability is recognised in the Statement of Financial Position.

Recognition and measurement

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

	Consolidated	
	2022 $'000	**2021 $'000**
(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	31,176	26,959
Non-cash flows		
Amortisation	8,564	8,106
Depreciation	178	133
Fair value movement on contingent consideration	-	177
Share option expense	1,339	968

	Consolidated 2022 $'000	Consolidated 2021 $'000
Gain on sale of subsidiary	(525)	-
Net foreign exchange effects - loss/(gain)	278	(234)
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in trade receivables	(204)	(534)
Increase in other receivables	(1,739)	(1,062)
Decrease/(increase) in inventories	(15)	15
Increase in DTA	(281)	(282)
Increase in trade payables	66	444
Increase/(decrease) in other payables	4,831	(208)
Increase in other provisions	142	79
Increase in DTL	1,254	1,108
Increase/(decrease) in provision for income tax	(96)	(802)
Increase/(decrease) in foreign exchange reserve	(775)	249
Cash flow from operations	44,193	35,116

Note 7: Trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Trade receivables	1,331	845
Allowance for doubtful debts	-	-
	1,331	845
Other receivables	793	218
Prepayments	3,941	2,494
	6,065	3,557

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 2022 $'000	Consolidated 2021 $'000
Plant and equipment – at cost	3,102	1,912
Accumulated depreciation	(2,530)	(1,676)
	572	236
Leasehold improvements – at cost	777	777
Accumulated amortisation	(654)	(617)
	123	160
Total property, plant and equipment	695	396

Movements in carrying amounts

Consolidated Group	Plant and equipment $'000	Leasehold Improvements $'000	Total $'000
2021			
Balance at the beginning of year	289	196	485
Additions	96	-	96
Additions through acquisition	16	-	16
Disposals	(14)	-	(14)
Depreciation/amortisation expense	(135)	(36)	(171)
Carrying amount at the end of year	**236**	**160**	**396**
2022			
Balance at the beginning of year	236	160	396
Additions	326	-	326
Additions through acquisition	186	-	186
Disposals	(4)	-	(4)
Effects of movements in foreign exchange	6	-	6
Depreciation/amortisation expense	(178)	(37)	(215)
Carrying amount at the end of year	**572**	**123**	**695**

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	
	2022 $'000	**2021 $'000**
Goodwill	14,660	10,133
Accumulated impairment losses	(855)	(855)
Net carrying value	**13,805**	9,278
Intellectual property	23	53
Accumulated impairments loss	(23)	(23)
Net carrying value	**-**	30
Website development costs	49,338	45,201
Accumulated amortisation	(35,057)	(30,961)
Net carrying value	**14,281**	14,240
Customer contracts and relationships costs	9,169	1,293
Accumulated amortisation	(705)	(409)
Net carrying value	**8,464**	884
Software costs	1,731	958
Accumulated amortisation	(554)	(394)
Net carrying value	**1,177**	564
TLC extension fee	15,000	15,000
Accumulated amortisation	(2,875)	(1,375)
Net carrying value	**12,125**	13,625
Domain names – cost	915	906
Accumulated impairment losses	(62)	(62)
Net carrying value	**853**	844
Other	226	62
Accumulated amortisation	(126)	(47)
Net carrying value	**100**	15
Total intangibles	**50,805**	39,480

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

Impairment assessment of other intangible assets

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

Estimated useful life of website development costs

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

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

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

2021	Goodwill $'000	Intellectual property $'000	Website development costs $'000	Customer contracts and relationships $'000	TLC extension fee $'000	Software $'000	Domain names $'000	Other $'000	Total $'000
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
Closing value at 30 June 2021	**9,278**	**30**	**14,240**	**884**	**13,625**	**564**	**844**	**15**	**39,480**
2022				-					
Balance at the beginning of the year	9,278	30	14,240	884	13,625	564	844	15	39,480
Additions	-	-	-	-	-	-	9	-	9
Additions through acquisitions	4,785	-	-	7,892	-	806	-	88	13,571
Additions internally developed	-	-	5,706	-	-	-	-	-	5,706
Disposal through sale of entity	-	(30)	(196)	-	-	-	-	-	(226)
Amortisation charge	-	-	(5,469)	(323)	(1,500)	(178)	-	(4)	(7,474)
Effects of movements in foreign exchange	(258)	-	-	11	-	(15)	-	1	(261)
Closing value at 30 June 2022	**13,805**	**-**	**14,281**	**8,464**	**12,125**	**1,177**	**853**	**100**	**50,805**

(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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Goodwill	2,831	2,831	-	-	10,974	6,447	13,805	9,278
Domain names	-	-	853	844	-	-	853	844

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.

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

	2022	2021
Discount rate	15.75%	13%
Budgeted cash flow growth rate	3%	3%
Terminal value growth rate	3%	3%
TLC reseller agreements continue beyond current agreement periods		

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

The estimated recoverable amount of the CGU exceeded the carrying amount of goodwill, The Lottery Corporation extension fee and other intangible assets and right-of-use assets by approximately $214,232,000 (2021: $263,466,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2022	2021
Discount rate	2.25ppt	5.0ppt
Budgeted cash flow growth rate	(90.4%)	(89.0%)

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 $15,529,000 (2021: $17,223,000).

Software-as-a-Service

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

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

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

	2022	2021
Discount rate	15.75%	14%
Budgeted cash flow growth rate	3%	3%
Terminal value growth rate	3%	3%
Software licence agreements continue beyond current agreement periods		
Annual capital expenditure	$5,654,000	$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 the Lottery Retailing CGU which contributes ~80% of SaaS revenue.

The estimated recoverable amount of the CGU exceeded the carrying amount of software and domain names by approximately $138,545,000 (2021: $91,945,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2022	2021
Discount rate	2.25ppt	4ppt
Budgeted cash flow growth rate	(84.7%)	(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 $17,425,000 (2021: $18,179,000).

Managed Services

The Managed Services CGU is comprised of two operating segments – Managed Services UK (Gatherwell) and Managed Services Canada (Stride).

Managed Services United Kingdom

Goodwill has been allocated to the Managed Services United Kingdom 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[1].

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

	2022	2021
Discount rate	15.75%	15%
Budgeted EBITDA growth rate	3%	3%
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 $4,995,000 (2021: $5,085,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would both need to change jointly for the estimated recoverable amount to equal the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2022	2021
Discount rate	2.25ppt	3ppt
Budgeted cash flow growth rate	(16.9%)	(8.8%)

Should all customer contracts cease, an impairment loss would be recognised up to the maximum carrying value of $7,144,000 (2021: $7,894,000)

Managed Services Canada

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

The recoverable amount of the CGU is based on a value-in-use calculation using a discounted cash flow model based on a one-year budget projection less an allocation of corporate expenses, approved by the Board and extrapolated over a five-year period using a steady rate, together with a terminal value. The growth rate used in these projections does not exceed the historical growth rate of the relative CGU[1].

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

	2022	2021
Discount rate	15.75%	n/a
Budgeted EBITDA growth rate	3%	n/a
Terminal value growth rate	3%	n/a
Lottery management agreements continue beyond current agreement periods		

[1]the business was only acquired 1 June 2022 so there is no comparative information.

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 $8,091,000 (2021: 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.

	Change required for carrying amount to equal recoverable amount	
	2022	**2021**
Discount rate	2.25ppt	n/a
Budgeted cash flow growth rate	(11.6%)	n/a

Should all customer contracts cease, an impairment loss would be recognised up to the maximum carrying value of $13,560,000.

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 between 5 and 10 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.

The Lottery Corporation extension fee

An extension fee was payable when the 10-year TLC 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	2021 $'000
Land and buildings - right-of-use	5,796	5,711
Less: Accumulated amortisation	(2,932)	(1,953)
	2,864	3,758
Plant and equipment - right-of-use	166	164
Less: Accumulated amortisation	(166)	(91)
	-	73
	2,864	3,831

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: Intangible assets for further information on the impairment testing key assumptions and sensitivity analysis.

Recognition and measurement

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

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

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

Note 11: Trade and other payables

	Note	Consolidated 2022 $'000	2021 $'000
Total trade and other payables		24,530	19,296
Included in the above:			
Trade creditors		1,891	1,785
GST payable		694	903
Sundry creditors and accrued expenses		11,498	5,845
Employee benefits		1,532	1,461
		15,615	9,994
Customer funds payable	6(a)	8,915	9,302
		24,530	19,296

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	
	2022 $'000	2021 $'000
CURRENT		
Long service leave	818	699
NON-CURRENT		
Long service leave	525	605
	1,343	1,304

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	
	2022 $'000	2021 $'000
CURRENT		
Lease Liabilities	1,022	1,013
NON-CURRENT		
Lease Liabilities	2,181	3,120
	3,203	4,133

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.

Note 14: Capital risk management

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Total borrowings[1]	17	-	-
Less: cash and cash equivalents – general account balances	6(a)	(60,015)	(53,837)
Net debt		-	-
Total equity		92,983	85,326
Total capital		92,983	85,326
Gearing ratio		0%	0%

[1]Excludes bank guarantees and commercial credit card

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, other than a change to the Dividend policy from 85% of statutory NPAT to a range of 65% to 85% of statutory NPAT with effect from FY2023.

Note 15: Dividends

(a) Ordinary shares

	Consolidated 2022 $'000	Consolidated 2021 $'000
Final fully franked ordinary dividend of 18.5 (2021: 17.0) cents per share franked at the tax rate of 30% (2021: 30%)	11,555	10,616
Interim fully franked ordinary dividend of 22.0 (2021: 18.0) cents per share franked at the tax rate of 30% (2021: 30%)	13,741	11,241
Total dividends paid or provided for	25,296	21,857
Dividends paid in cash during the years ended 30 June 2022 and 30 June 2021 were as follows:		
Paid in cash	25,296	21,857

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

	Consolidated 2022 $'000	Consolidated 2021 $'000
Since year end, the Directors have recommended the payment of a final 2022 fully franked ordinary dividend of 20.5 (2021: 18.5) cents per share franked at the rate of 30% (2021: 30%). The aggregate amount of the proposed dividend expected to be paid on 23 September 2022 (2021: 24 September 2021), but not recognised as a liability at year end, is:	12,804	11,553

(c) Franked dividends

	Consolidated 2022 $'000	Consolidated 2021 $'000
The franked portions of dividends paid and recommended after 30 June 2022 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 2022.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	16,890	14,903

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

(i) franking credits that will arise from the payment of the amount of the provision for income tax, and

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

The impact on the franking account of the dividends paid and recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $5,487,000 (2021: $4,951,000).

Note 16: Equity and reserves

(a) Contributed equity

Issued shares

	Consolidated		Consolidated	
	2022 Shares	**2022 $'000**	**2021 Shares**	**2021 $'000**
Ordinary shares – fully paid	62,775,211	81,390	62,448,757	80,177

Movements in ordinary share capital

	Consolidated	
Details	**Shares**	**$'000**
Balance 1 July 2020	62,423,757	80,089
Shares issued during the year		
10 July 2020-Exercise of options	25,000	88
Balance 30 June 2021	62,448,757	80,177
Balance 1 July 2021	62,448,757	80,177
25 July 2022-Issue of share	9,529	163
24 March 2022-Exercise of options	300,000	1,050
30 June 2022-Exercise of rights	16,925	-
Balance 30 June 2022	62,775,211	81,390

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

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 26: Share-Based Payments.

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

(d) Reserves

Nature and purpose of reserves

Profits appropriation reserve

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

Share-based payments reserve

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

Foreign currency translation reserve

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

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

		Consolidated	
	Note	2022 $'000	2021 $'000
Credit facility			
Bank guarantees		3,250	3,250
Commercial credit card		300	300
Bank loan		50,000	-
		53,550	3,550
Facilities utilised			
Bank guarantees	29	(3,100)	(3,091)
Commercial credit card		(270)	(280)
Bank loan		-	-
Amount available		50,180	179

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 2022 (2021: nil).

(b) Assets pledged as security

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

(c) Defaults and breaches

There have been no defaults or breaches during the financial year ended 30 June 2022.

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 (FJD), Great British Pound (GBP) and Canadian Dollar (CAD).

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[1] %	2022 $'000	Rate[1] %	2021 $'000
Deposits	0.45	68,930	0.24	63,139

[1] weighted average interest rate

Risk management

The Group manages cash flow interest rate risk by using term deposits with banks for various periods. The weighted average maturity of outstanding term deposits is approximately 57 days (2021: 35 days). Term deposits currently in place cover approximately 11% (2021: 53%) 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 2022:

	Consolidated			
	Effect on profit (before tax)		Effect on equity (before tax)	
	2022	2021	2022	2021
200 bps movement in interest rates				
200 bps increase in interest rates	1,379	1,263	1,379	1,263
200 bps decrease in interest rates	(1,379)	(1,263)	(1,379)	(1,263)

(b) Credit Risk

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

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Assets are pledged as security as detailed in Note 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 2022 and 30 June 2021 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 2022 $'000s	**Trade receivables days past due**					
	Current	**1-30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount $	260	664	133	127	147	1,331
Lifetime expected credit loss $	-	-	-	-	-	-

30 June 2021 $'000s	**Trade receivables days past due**					
	Current	1-30 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount $	13	524	8	51	249	845
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:

2022	**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	68,930	-	-	-	68,930
Trade and other receivables	6,065	-	-	-	6,065
	74,995	**-**	**-**	**-**	**74,995**
Financial liabilities					
Trade and other payables	24,530	-	-	-	24,530
Lease liabilities[1]	1,118	1,157	1,102	-	3,377
Contingent consideration	1,820	1,638	-	-	3,458
	27,468	**2,795**	**1,102**	**-**	**31,365**

[1]Weighted average interest rate 3.5%

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
	68,503	**-**	**-**	**-**	**68,503**
Financial liabilities					
Trade and other payables	19,296	-	-	-	19,296
Lease liabilities[1]	1,141	2,216	1,073	-	4,430
Contingent consideration	1,807	-	-	-	1,807
	22,244	**2,216**	**1,073**	**-**	**25,533**

(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 – 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets	-	-	-	-
Liabilities				
Contingent consideration	-	-	3,458	3,458
Total liabilities	**-**	**-**	**3,458**	**3,458**

Consolidated – 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets	-	-	-	-
Liabilities				
Contingent consideration	-	-	1,807	1,807
Total liabilities	**-**	**-**	**1,807**	**1,807**

There were no transfers between levels during the financial year.

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

The fair value of the contingent consideration is estimated by discounting the probability-adjusted profit in Stride Management Corp. 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 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
Balance at 30 June 2021	**1,807**	**1,807**
Balance at 1 July 2021	1,807	1,807
Change in contingent consideration at fair value/earnout paid	(1,782)	(1,782)
Effects of movements in foreign exchange recognised in other comprehensive income	(8)	(8)
Additions-contingent consideration from business combination in year (Note 19)	3,441	3,441
Balance at 30 June 2022	**3,458**	**3,458**

[1]Weighted average interest rate 3.5%

Significant judgements and estimates

A key judgement by management is a 100% probability of the first tranche of contingent consideration being paid following the 30 June 2022 financial year end and a 90% probability of the second tranche of contingent consideration being paid following the 30 June 2023 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	90% - 100%	5ppt change would change the fair value by $82,000
	Future profit	$3,169,000	5% change would change the fair value by $172,000
	Discount rate	15.75%	1.00% change would change the fair value by $11,000

GROUP STRUCTURE

In this section

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

Note 19: Business combination

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

Details of the business combination are as follows:

Fair value of purchase consideration	Note	$000s
Cash paid on completion		8,452
Contingent consideration	19(b)	3,441
Working capital settlement adjustment paid	19(a)	543
Total consideration		12,436

Fair value of identifiable assets and liabilities at acquisition date:

	Note	$000s
Cash		1,040
Trade and other receivables		562
Property, plant and equipment		186
Leasehold improvements		88
Software		806
Customer contracts and relationships		7,892
Trade and other payables		(575)
Deferred tax liability		(2,348)
Net assets		7,651
Goodwill on consolidation	19(d)	4,785
Stride acquisition at fair value		12,436

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

	Note	$000s
Acquisition costs charged to expenses	19(a)	665

Significant judgements and estimates

A key judgement by management is a 100% probability of the contingent consideration being paid following the 30 June 2022 financial year end and a 90% probability of the contingent consideration being paid following the 30 June 2023 financial year end.

(a) Consideration transferred

Acquisition-related costs amounted to $665,000 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of administrative expenses with $412,000 in FY2021 and $253,000 in FY2022.

The actual net working capital was in excess of the target working capital resulting in a working capital settlement adjustment $543,000 being paid to the vendor of Stride.

(b) Contingent consideration

The contingent consideration arrangement requires the Group to pay up to an additional undiscounted amount of CAD3,300,000 (~$3,714,000) in cash to the Stride vendor if certain Profit targets are met, to be paid in up to two instalments following the 30 June 2022 and 30 June 2023 financial year ends.

The fair value of the contingent consideration arrangement of $3,458,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 15.75% and assumed probability-adjusted profit in Stride of CAD2,850,000 (~$3,208,000) to CAD2,886,000(~$3,248,000).

The probability-adjusted profit in Stride is recalculated at each reporting date with any gains/losses on the fair value of the contingent consideration recognised in profit or loss.

At 30 June 2022, the fair value of the contingent consideration liability (including movements on foreign exchange translation of $17,000) is recognised in the Statement of Financial Position as:

	$000s
Current contingent consideration	1,820
Non-current contingent consideration	1,638
Total	3,458

(c) Identifiable net assets

Developed software and customer contracts and relationships have been identified as separately identifiable assets. These assets have been valued by an independent valuer according to the cost approach/cost to create methodology for developed software and income approach/excess earnings methodology for customer contracts and relationships.

(d) Goodwill

The goodwill that arose on the combination can be attributed to Stride's strong position, competitive advantage and strong growth prospects in the charities' lottery market. No amount of goodwill is expected to be deductible for tax purposes.

(e) Revenue and profit contribution

Stride contributed TTV of $9,680,000, revenue of $618,000 and net profit of $80,000 to the Group from the date of acquisition to 30 June 2022. If the acquisition had occurred on 1 July 2021, the Group's pro-forma TTV, revenue and net profit after tax for the financial year ended 30 June 2022 would have been $118,167,000, $7,681,000, and $2,149,000 respectively.

Recognition and measurement

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 20: Controlled subsidiaries

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

		Percentage Ownership	
	County of Incorporation	2022 %	2021 %
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[1]	Australia	-	100
Jumbo Lotteries Pty Ltd	Australia	100	100
Jumbo Interactive Asia Pty Ltd	Australia	100	100
Cook Islands Tattslotto Pty Ltd[2]	Cook Islands	-	1
Jumbo Interactivo de Mexico SA de CV	Mexico	100	100
Gatherwell Limited	United Kingdom	100	100
Jumbo Interactive UK Limited[3]	United Kingdom	100	-
Stride Management Corp.[4]	Canada	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[2]	Cook Islands	-	99
Jumbo Lotteries North America, Inc.	United States of America	100	100

[1]Sold 30 June 2022 [2]De-registered 31 March 2022

[3]Registered 11 January 2022 [4]Acquired 1 June 2022

Principles of consolidation

The consolidated financial statements comprise the financial statements of Jumbo Interactive Limited and its subsidiaries at 30 June each year (the **Group**). Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or available-for-sale financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity, 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 21: 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:

	2022 $'000	2021 $'000
Current assets	11,533	17,511
Non-current assets	57,382	42,580
Total assets	68,915	60,091
Current liabilities	2,409	2.497
Non-current liabilities	1,684	736
Total liabilities	4,093	3,233
Net assets	**64,822**	**56,858**
Issued capital	81,390	80,177
Accumulated losses	(26,037)	(26,037)
Profits appropriation reserve	6,205	793
Share-based payments reserve	5,566	4,227
Available-for-sale financial asset reserve	(2,302)	(2,302)
Total shareholders' equity	**64,822**	**56,858**
Profit for the year	**31,094**	**19,409**
Total comprehensive income for the year	**31,094**	**19,409**

(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 TLC 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 2022 (2021: $Nil).

(d) Contingent liabilities

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

(e) Recognition and measurement

The financial information for the parent entity, Jumbo Interactive Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of Jumbo Interactive Limited. Dividends received from associates are recognised in the parent entity's income statement, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation

Jumbo Interactive Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Refer to Note 4: Income tax for details.

OTHER INFORMATION

In this section

Other information provides information on other items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however are not consider critical in understanding the financial performance or position of the Group.

Note 22: Investments accounted for using the Equity Method

Interest in Associate – Lotto Points Plus Inc., USA	**Place of business / Country of Incorporation**	**2022 %**	**2021 %**	**2022 $'000**	**2021 $'000**
Unlisted shares					
Lotto Points Plus Inc	New York, USA	30.9	30.9		
Net investment in associate company				-	-

Lotto Points Plus Inc is an investment company, with its only investment being a 16.9% (2021: 16.9%) shareholding (non-voting) in Lottery Rewards Inc., USA which was dissolved on 30 November 2020 (see Note 23(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 23: 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 (2021: $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 22 for details). Lottery Rewards Inc entered an Assignment for Benefit of Creditors on 30 November 2018 and was subsequently dissolved on 30 November 2020. Shares in Lottery Rewards Inc are carried at fair value of $nil (2021: $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 24: Related party transactions

Parent entity

Jumbo Interactive Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 20: Controlled subsidiaries.

Key management personnel

Disclosures relating to key management personnel are set out in Note 25: Key Management Personnel compensation and the remuneration report in the Directors' report.

Transactions with related parties

All transactions between related parties are on normal commercial terms and conditions at market rates and no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Consolidated	
	2022 $	2021 $
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	12,706	9,956

	Consolidated	
	2022 $	2021 $
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.		

	Consolidated 2022 $	Consolidated 2021 $
– salary and superannuation	86,900	86,505

Receivables from related parties

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

	Consolidated 2022 $	Consolidated 2021 $
Trade receivables from Mr Mike Rosch (Director-related party of Mike Veverka)	1,165	1,165

Note 25: Key Management Personnel compensation

	Consolidated 2022 $	Consolidated 2021 $
Short term employee benefits	3,208,792	2,767,859
Post-employment benefits	161,164	151,092
Other long-term benefits	26,792	34,085
Termination benefits	-	-
Share-based payments	1,274,971	945,512
	4,671,719	3,898,548

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 26: Share-based payments

Share-based payment expenses recognised during the financial year	Consolidated 2022 $	Consolidated 2021 $
Options issued under employee option plan	-	27,960
Rights issued under employee incentives schemes	1,338,730	940,161
	1,338,730	968,121

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 2022 financial year.

Third parties

There were no options granted during the 2022 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 2022 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	28 October 2021	$16.75	$nil	53.295%	2.18%	0.5%

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 2022 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 2021[1]	28 October 2021	$16.75	$nil	53.295%	2.18%	1.04%
KMP LTI rights TLC agreement[2]	28 October 2021	$16.75	$nil	53.295%	2.18%	0.50%
NED service rights[3]	28 April 2022	$16.94	$nil	50.253%	2.39%	2.71%

[1] 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 2024 is equal to or more than $20.17 less any dividends paid during the term.

[2] 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.

[3] The NED service rights are granted for a consideration of $18.30 per right and have a time-bound vesting period only.

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:

2022

Grant date	Exercise Price	Expiry date	Balance at beginning of year	Granted during the year	Lapsed/ Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Vested and exercisable at end of year
KMP and staff options									
26 Oct 2017	$3.50	15 Nov 2022	600,000	-	-	(300,000)	-	300,000	300,000
Total			**600,000**	**-**	**-**	**(300,000)**	**-**	**300,000**	**300,000**
Weighted average exercise price			$3.50	-	-	$3.50	-	$3.50	$3.50
KMP and staff rights									
1 July 2019[1]	$nil	1 Jul 2023	46,716	-	-	-	-	46,716	-
30 June 2020[1]	$nil	30 Jun 2021	23,241	-	-	(23,241)	-	-	-
29 October 2020[2]	$nil	1 Jul 2024	92,965	-	-	-	-	92,965	-
17 December 2020	$nil	4 Nov 2023	40,984	-	-	-	-	40,984	-
15 February 2021	$nil	4 Nov 2023	17,376	-	(1,393)	-	-	15,983	-
30 June 2021[2]	$nil	30 Jun 2022	16,925	-	-	(16,925)	-	-	-
28 October 2021[3]	$nil	1 Jul 2025	-	64,403	-	-	-	64,403	-
28 April 2022	$nil	1 Jul 2023	-	2,732	-	-	-	2,732	-
28 April 2022	$nil	1 Jul 2024	-	2,732	-	-	-	2,732	-
28 April 2022	$nil	1 Jul 2025	-	2,732	-	-	-	2,732	-
Total			**238,207**	**72,599**	**(1,393)**	**(40,166)**	**-**	**269,247**	**-**

[1] Relating to the service period 1 July 2019 to 30 June 2020 and approved by shareholders at the 2020 AGM

[2] Relating to the service period 1 July 2020 to 30 June 2021 and approved by shareholders at the 2021 AGM

[3] Relating to the service period 1 July 2021 to 30 June 2022 and approved by shareholders and Directors at the 2022 AGM

The 26 October 2017 options are exercisable when the Jumbo 5-day VWAP share price is equal to or greater than $4.00.

The 1 July 2019 LTI rights FY2021 are granted for no consideration, have a three-year term, and are exercisable when the Jumbo 90-day VWAP share price for the period up to 30 June 2023 is equal to or more than $14.55 less any dividends paid during the term.

The 30 June 2020 STI rights FY2021 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock-up period.

The 29 October 2020 LTI rights FY2021 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2023 is equal to or more than $14.55 less any dividends paid during the term.

The 17 December 2020 LTI rights TLC agreement are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 4 November 2023 is equal to or more than $16.24.

The 15 February 2021 Senior Manager LTI rights are granted for no consideration, have a vesting date of 4 November 2023 and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 4 November 2023 is equal to or more than $16.24.

The 30 June 2021 STI rights FY2021 are granted for no consideration, have a one-year term, and are exercisable after a further one-year lock-up period.

The 28 October 2021 LTI rights FY2022 are granted for no consideration, have a three-year term, and are exercisable when the 90-day VWAP of the Jumbo share price for the period up to 30 June 2024 is equal to or more than $20.17 less any dividends paid during the term.

The 28 April 2022 NED service rights are granted for a consideration of $18.30 and are exercisable 1 July 2022, 1 July 2023 and 1 July 2024.

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	Vested and exercisable at end of year
KMP and staff options									
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
Total			**725,000**	**-**	**(100,000)**	**(25,000)**	**-**	**600,000**	**600,000**
Weighted average exercise price			$3.26	-	$1.75	$3.50	-	$3.50	$3.50
KMP and staff rights									
1 July 2019[1]	$nil	1 Jul 2023	46,716	-	-	-	-	46,716	-
30 June 2020[1]	$nil	30 Jun 2021	23,241	-	-	-	-	23,241	23,241
29 October 2020	$nil	1 Jul 2024	-	92,965	-	-	-	92,965	-
17 December 2020	$nil	4 Nov 2023	-	40,984[2]	-	-	-	40,984	-
15 February 2021	$nil	4 Nov 2023	-	18,933	(1,557)	-	-	17,376	-
30 June 2021[4]	$nil	30 Jun 2022	-	16,925[3,4]	-	-	-	16,925	-
Total			**69,957**	**169,807**	**(1,557)**	**-**	**-**	**238,207**	**23,241**

[1] Relating to the service period 1 July 2019 to 30 June 2020 and approved by shareholders at the 2020 AGM

[2] Includes 16,393 rights subject to shareholder approval at the 2021 AGM

[3] Includes 7,319 rights subject to shareholder approval at the 2021 AGM

[4] 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

Recognition and measurement

The fair value of options granted to employees and consultants is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled to the options. Fair value is determined by an independent valuer using the Black-Scholes, Bi-nominal, and Monte Carlo Simulation option pricing models as appropriate. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Jumbo Interactive Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Note 27: Remuneration of auditor

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	
	2022 $	2021 $
Audit services		
Amounts paid/payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the Group	144,108	163,854
Network firms of BDO Audit Pty Ltd		
Amounts paid/payable for audit or review of the financial statements for the entity or any entity in the Group in the UK and Canada	151,048	62,384
	295,156	**226,238**
Taxation services		
Amounts paid/payable to BDO for taxation services for the entity or any entity in the Group:		
Review of income tax return	48,100	48,000
Transfer pricing consulting	23,300	13,000
Other taxation advice	15,580	53,131
	86,980	**114,131**
Other services		
Amounts paid/payable to BDO for other services for the entity or any entity in the Group:		
Due diligence – other BDO-related firm	11,327	110,000
Whistleblower services	6,500	5,000
	17,827	**115,000**
	399,963	**455,369**

Note 28: Summary of other significant accounting policies

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out in relevant sections of the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(a) Basis of preparation

(i) New, revised or amended Accounting Standards and Interpretations adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2021 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 2022. The consolidated entity's assessment of the impact of the new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity is not material.

(b) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in profit or loss on a net basis within other income or other expenses, unless they relate to borrowings, in which case they are presented as a part of finance costs.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was measured.

The functional currency of the overseas subsidiaries is measured using the currency of the primary economic environment in which that entity operates. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the closing rate at the end of the reporting period and income and expenses are translated at the average exchange rates for the year.

All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are initially recognised at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Refer to Note 22: Investments accounted for using the Equity Method and Note 23: Financial assets at fair value through other comprehensive income 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 Note 6: Cash and cash equivalents and Note 7: Trade and other receivables 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: Trade and other payables 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.

Note 29: Contingencies

Contingencies relate to the outcome of future events and may result in an asset or liability, however due to current uncertainty do not qualify for recognition.

Estimates of the potential financial effect of contingent liabilities that may become payable

	Consolidated	
	2022 $'000	**2021 $'000**
Guarantees provided by the Group's bankers	3,100	3,091

The Group's bankers have provided guarantees to third parties in relation to premises leased by Group companies. These guarantees have no expiry term and are payable on demand and are secured by a fixed and floating charge over the Group's assets.

Note 30: Contingent Commitments

StarVale Group UK acquisition

On 27 January 2022, the Group announced it had entered into an agreement to acquire 100% of StarVale Group (**StarVale**), a UK external lottery manager and digital payments company, for a cash consideration of A$32.1 million[1] (GBP17.0 million) and up to ~A$8.5 million[1] (GBP4.5 million) of deferred consideration subject to the satisfaction of certain conditions under the agreement.

The total consideration of ~A$40.6 million[1] (GBP21.5 million) will be funded from available cash and a bank facility of A$30 million, with ~A$32.1 million[1] (GBP17.0 million) payable on completion and up to ~A$8.5 million[1] (GBP4.5 million) to be paid in one instalment following the 30 June 2023 financial year subject to certain earnings hurdles being met.

As announced 1 July 2022, the UK Gambling Commission approval is required to complete the transaction, with such approval originally expected to occur by the end FY2022, and now expected to be received by the end Q1 FY2023.

[1] Based on exchange rate GBP0.53 = A$1.00

Note 31: Events after the reporting date

Apart from the final dividend declared and the on-market share buy-back announced on 26 August 2022, 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 2022.

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 2022 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 55 to 74 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2022, comply with section 300A of the *Corporations Act 2001*.

5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Susan Forrester
Chair of the Board

Mike Veverka
Chief Executive Officer and Executive Director

Brisbane, 26 August 2022

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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 2022, 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 2022 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.

Impairment assessment of Goodwill and Other Intangible Assets

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 9. The carrying value of intangible assets represent a significant asset of the Group. 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.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity • Evaluating management's process regarding the valuation of the Group's goodwill, other intangible assets, and right-of-use assets • Evaluating management's allocation and apportionment of assets across the different CGU's • 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 • Assessing the historical accuracy of forecasting of the Group by comparing the current year actual results with FY22 figures included in prior year forecasts to consider whether any forecasts included assumptions, that with hindsight, had been optimistic • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

Revenue recognition and measurement

Key audit matter	How the matter was addressed in our audit
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 2022 The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 Revenue from Contracts with Customers • Documenting the processes and assessing the internal controls relating to revenue processing and recognition • Tracing a sample of revenue transactions to supporting documentation • 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 • Assessing the adequacy of the Group's disclosures within the financial statements.

Accounting for the Acquisition of Stride Management Corp

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 19 of the financial report, the company acquired Stride Management Corp (a company based in Canada). The audit of the accounting for this acquisition is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of identifiable intangible assets and the final purchase price which included contingent consideration.	Our procedures included, amongst others: • Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition • Comparing the assets and liabilities recognised on acquisition against the historical financial information included in the due diligence report • Obtaining a copy of the Purchase Price Allocation (PPA) report prepared by an independent expert to assess the determination of the fair values of the identifiable intangible assets associated with the acquisition • In conjunction with internal experts, reviewing the valuation methodology used in the PPA report to assess the fair values of intangible assets acquired including developed software, customer contracts and relationships • Assessing the estimation of the contingent consideration by challenging the key assumptions including probability of achievement of future profit targets • Assessing the adequacy of the Group's disclosures of the acquisition

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 2022, 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

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 61 to 74 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Jumbo Interactive Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 26 August 2022

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 29 July 2022. Shares are quoted on the Australian Securities Exchange under the code JIN and on the German Stock Exchange.

In addition, there are 222,531 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

(a) The range of fully paid ordinary shares as at 29 July 2022

Range	Total	Holders Units	% of issued capital
1 – 1,000	8,439	2,789,099	4.42
1,001 – 5,000	2,379	5,429,111	8.61
5,001 – 10,000	305	2,262,730	3.59
10,001 – 100,000	204	4,990,416	7.91
100,000 – and over	28	47,603,855	75.47
Rounding			0
Total	**11,355**	**63,075,211**	**100.00**

(b) Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $14.40 per unit	35	340	5,185

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 29 July 2022

Name	Notice date	Ordinary Shares	Percentage Held
Vesteon Pty Ltd and associates	5 July 2022	8,849,582	14.10%
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 29 July 2022

Name	Units	% of Units
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,040,860	17.50
2. J P MORGAN NOMINEES AUSTRALIA PTY LTD	9,607,891	15.23
3. VESTEON PTY LTD	8,108,988	12.86
4. CITIBANK NOMINEES LIMITED	5,491,012	8.71
5. NATIONAL NOMINEES LIMITED	2,908,366	4.61
6. BNP PARIBAS NOMS PTY LTD <DRP>	2,610,045	4.14
7. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,661,473	2.63
8. MR BARNABY COLMAN CADDICK	1,125,000	1.78
9. MR MIKE VEVERKA <VEVERKA S/F A/C>	666,791	1.06
10. BERGADE INVESTMENTS PTY LTD <BERGADE FAMILY A/C>	604,397	0.96
11. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	463,686	0.74
12. SEYMOUR GROUP PTY LTD	400,000	0.63
13. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP)	343,348	0.54
14. POWERWRAP LIMITED <SCHEME – IML TRADES A/C>	264,353	0.42
15. MASFEN SECURITIES LIMITED	245,000	0.39
16. MR JOHN ROSAIA	216,430	0.34
17. BNP PARIBAS NOMS (NZ) LTD <DRP>	201,936	0.32
18. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	200,818	0.32
19. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	193,689	0.31
20. WESTOR ASSET MANAGEMENT PTY LTD <VALUE PARTNERSHIP A/C>	169,497	0.27
Total Top 20 shareholders of ordinary fully paid shares	**46,523,580**	**73.76**
Total remaining holders balance	**16,551,631**	**26.24**

(f) Unquoted securities as at 29 July 2022

Rights over Unissued Shares. A total of 222,531 rights are on issue to employees for services rendered.

Exercise Price	Expiry date	Number on issue	Number of holders
$nil	1 July 2024	92,965	4
$nil	4 November 2023	24,591	3
$nil	4 November 2023	16,393	1
$nil	4 November 2023	15,983	12
$nil	1 July 2025	64,403	4
$nil	1 July 2023	2,732	2
$nil	1 July 2024	2,732	2
$nil	1 July 2025	2,732	2

(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.

COMPANY INFORMATION

Jumbo Interactive Limited

ABN 66 009 189 128

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

What a JUMBO year!

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