

## Betting on diversification

<b>Company/ASX Code</b>	Jumbo Interactive Ltd (Jumbo) / JIN
<b>AGM time and date</b>	11am AEST Brisbane time, Friday, 8 November 2024
<b>Location</b>	Jumbo offices, 601 Coronation Drive, Toowong, QLD.
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid
<b>Monitor</b>	David Loosemore assisted by Steven Mabb
<b>Pre-AGM Meeting</b>	Yes, with Chair Susan Forrester

Monitor Shareholding: The individuals involved in the preparation of this voting intention have a shareholding or beneficial ownership in this company.

### 1. How we intend to vote

No.	Resolution description	
1	Re-election of Director – Professor Sharon Christensen	For
2	Election of Director – Michael Malone	For
3	Remuneration Report	For
4	Issue of STI Director Rights to Mike Veverka	For
5	Issue of LTI Director Rights to Mike Veverka	For

### 2. Summary of Issues and Voting Intentions for AGM

- Director Michael Malone’s workload appears full, but acceptable under ASA guidelines. We will probe his views on this.
- The Board skills matrix could be enhanced by identifying individual directors' skills and competencies.
- The remuneration framework meets ASA guidelines with some minor exceptions.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

### 3. Matters Considered

#### Accounts and reports

Jumbo Interactive Limited engages in the retail of lottery tickets through internet and mobile devices for charities and government in Australia, the United Kingdom, Canada, Fiji, and internationally. It operates through Lottery Retailing, Software-as-a-Service, and Managed Services segments.

1. Lottery Retailing comprises 78% of FY24 revenue, mainly through an agreement with The Lottery Corporation (TLC) that will expire in 2030 and would need to be renegotiated to continue the revenue. EBITA was up 39.6% in FY24.
2. Software-as-a-Service (6% of revenue) digital lottery platform EBITDA increased 18.4% in FY24.
3. Managed Services (16% of revenue) provides software and additional lottery management in the UK and Canada such as through Gatherwell and Stride. EBITDA increased 8.3% in FY24.

With a lottery customer base of about 4 million, only about 1 million transact regularly. Customer acquisition and retention are important, with a quick five-month payback period offsetting high dormancy rates.

#### Strategic Direction

Jumbo competes with TLC through strategic marketing during high jackpots, plus a loyalty program capitalising on customer interest and potential price insensitivity. (Many customers are unlikely to be aware JIN products sourced from TLC are more expensive than those bought directly from TLC.)

To mitigate risks associated with its TLC supplier relationship, Jumbo is diversifying into its other two segments. Software-as-a-service aims to offer superior third-party platforms to large charity lotteries and Lotterywest. Additionally, Jumbo has acquired managed-services businesses in the UK and Canada to expand its lottery and raffle solutions internationally.

#### Challenges and Opportunities

While diversification has progressed to 22% of revenue, growth in new segments involves risks associated with acquiring and integrating overseas operations while maintaining organic growth in acquired businesses.

## Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	43.3	31.57	31.17	26.96	25.88
UPAT (\$m)	44.2	33.1	32.21	28.35	26.47
Share price (\$)	17.29	14.26	14.22	17.77	9.58
Dividend (cents)	54.5	43.0	42.5	35.0	40.0
Simple TSR (%)	25	3	-18	89	-51
EPS (cents)	68.9	50.2	49.9	43.2	41.5
CEO total remuneration, actual (\$m)	1.427	1.348	1.518	1.390	1.302

## Governance and culture

Jumbo publishes a Corporate Governance Statement on their website which addresses each of the principles from the ASX Corporate Governance Principles and Recommendations.

The Board skills matrix (page 7 of the Corporate Governance Statement) has limitations as it does not identify the skills of individual directors. However, there are four columns and there were four Directors in FY24 and three levels of competency so the Directors with expertise in each skill can often be inferred, for the purpose of consideration of election of Directors.

## Key board or senior management changes

Michael Malone was appointed to the board as a non-Executive Director (NED) in September 2024, increasing the size of the Board from four to five. He is submitting himself for election at the AGM.

## Sustainability/ESG

JIN is addressing sustainability, with the release of its third sustainability report. Government and charity lotteries are known to cause less harm than other forms of gambling and create a positive impact through taxes and charity revenues. JIN monitors players total spending to identify where it could become harmful.

JIN reports support for women in leadership, \$150,000 in donations to create a positive outcome, a supplier protocol to screen suppliers for ESG risks and reducing its total absolute emissions by 18% between FY22 and FY23. It will start directly aligning its sustainability program with the mandatory climate-related reporting planned in FY25.

JIN notes that the Board and executive leadership have worked with external experts on cyber and data protection.

## 4. Rationale for Voting Intentions

### Resolution 1 Re-election of Director – Professor Sharon Christensen (for)

Sharon Christensen was appointed as a non-executive Director (NED) and Chair of the People & Culture Committee on 1 September 2019 and was first elected to the Board at the 2019 AGM. She is a member of the Audit and Risk Management Committee and Chair of the People and Culture Committee.

She has 34 years of commercial, legal and regulatory experience and is known as research leader in regulatory responses to digital innovation and disruption. Most recently, she was a NED of Property Exchange Australia Ltd to 2019, the operator of the national online property exchange network which listed as PEXA in 2021. Her workload appears reasonable.

Professor Christensen holds a Bachelor of Laws (Honours) and Master of Laws and is a member of the Australian Institute of Company Directors. The Board supports the re-election of Professor Sharon Christensen as she contributes to and leads the Board through her significant experience in commercial transactions and regulatory compliance as well as her research in digital innovation and disruption. The Board Skills Matrix suggests this will be a gap if she is not re-elected. Supported.

### Resolution 2 Election of Director Michael Malone (for)

The Board appointed Michael Malone as NED on 26 September 2024 and he stands for election. This will increase the Board to five. He is a member of the Audit and Risk Management Committee.

Mr Malone has been an ASX company director for over 20 years, with founder and executive experience across strategy, operational, cyber and risk management roles, primarily in high growth technology companies, offering products that re-shape industries. He is a Fellow of the Australian Institute of Company Directors, the Australian Institute of Management and the Australian Computer Society. He has a Bachelor of Science (Mathematics) and a post graduate Diploma in Education, both from the University of Western Australia.

Mr Malone is currently Non-Executive Director and Chair of the Audit Committee at WiseTech Global Limited (ASX:WTC) and Non-Executive Director and Member of the Audit and Risk Committee at Seven West Media Limited (ASX:SWM). He also has roles at unlisted entities as a Non-Executive Director and Shareholder Representative at Health Engine Pty Ltd and a Non-Executive Director at NBN Co.

ASA considers five listed NED roles as a maximum workload, and three listed and two unlisted entity directorships appears to indicate a NED could become overloaded. Prior to submitting himself for election, Mr Malone has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the election of Mr Malone as he will contribute to the Board commercial skills and deep experience in the technology sector.

### **Resolution 3 Remuneration Report (for)**

The executive remuneration framework for FY25 has the following components:

- Fixed remuneration. 50% of total remuneration is paid as base salary and superannuation. This is not at risk.
- Short term incentive (STI). 25% of total remuneration is subject to performance hurdles. STI is 50% cash and 50% equity deferred for two years. STI hurdles relate to metrics for financials, sustainability, customer, employee and an individual performance evaluation.
- Long term incentive (LTI). 25% of total remuneration is subject to relative TSR and underlying EPS growth. LTI is 100% equity and is granted at the end of a three year performance period.

Some aspects are not strictly in line with ASA guidelines as follows:

- LTI rights are exercisable into shares after three years where the ASA prefers four or five.
- LTI can still be paid even if absolute TSR is negative.
- New shares are issued for STI & LTI rather than being bought on market.

The remuneration framework meets most of ASA's key guidelines, so we will support the remuneration report.

### **Resolution 4 Issue of STI Director Rights to Mike Veverka and**

### **Resolution 5 Issue of LTI Director Rights to Mike Veverka (for)**

These resolutions relates to granting short and long term incentive rights to the CEO, Mike Veverka. Because the CEO is also a director, shareholder approval must be obtained to grant these rights.

ASA is comfortable with the remuneration framework although we would prefer the rights were purchased on market rather than issued. ASA will vote in favour of these resolutions.

#### **ASA Disclaimer**

*This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:*

- *makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- *shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

*This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.*

## Appendix 1

### Remuneration framework detail

CEO rem. Framework for FY25	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.8	50%	0.8	50%
STI - Cash	0.2	12.5%	0.2	12.5%
STI - Equity	0.2	12.5%	0.2	12.5%
LTI	0.4	25%	0.4	25%
Total	1.6	100%	1.6	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. \*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.