

ASX RELEASE – Thursday, 19 February 2015

HALF YEAR REPORT - DECEMBER 2014



- RESULTS AHEAD OF GUIDANCE AFTER STRONG DECEMBER LIFTED SALES 21% TO RECORD \$66 MILLION DESPITE LOWER JACKPOT LEVELS
- PLANS FOR ADDITIONAL SHORT TERM GROWTH IN AUSTRALIA WHILE INTERNATIONAL MARKETS SLOWLY GAIN TRACTION
- STEADY 1.5C DIVIDEND DECLARED

Leading interactive lottery business, Jumbo Interactive Limited (ASX:JIN), is pleased to announce strong growth in Australia with record ticket sales of \$66 million for the half year, an increase of 21% over the comparative half year and a 28% increase over the preceding half year period. Strong sales in December also helped lift Net Profit Before Tax to \$800K and a lower than expected Net Loss After Tax of \$23K. The number of customer accounts on OzLotteries.com has grown from 1.64 million to 1.82 million over the 12 months to 31 December 2014.

“21% growth in Total Transaction Value to a record \$66 million clearly demonstrates continuing customer demand and acceptance of Jumbo’s online lottery service”, said Mr Mike Veverka, CEO and Founder of Jumbo Interactive Limited.

“Plans have been established for additional revenue streams in the short term from our 1.82 million customer accounts while international markets slowly gain traction”, he said.

The following is a summary of key results for the six months to 31 December 2014.

	HY Dec 14 Actual	HY Dec 14 Forecast	HY June 14 Actual	HY Dec 13 Actual
Total Transaction Value ("TTV")	\$66 mil	\$62 - \$65 mil	\$51 mil	\$55 mil
Revenue	\$14.3 mil	\$13.3 to \$13.9 mil	\$11.8 mil	\$12.3 mil
NPBT/ (NLBT)	\$0.8 mil	(\$0.5) to \$0.1 mil	\$1.7 mil	\$2.9 mil
Income tax	(\$0.8) mil	(\$0.7) to (\$0.9) mil	(\$0.7 mil)	(\$1.1 mil)
NPAT/(NLAT)	(\$0.02) mil	(\$1.2) to (\$0.8) mil	\$1.0 mil	\$1.8 mil
Number of jackpots ¹	18		14	22
Database	1.82 mil		1.72 mil	1.64 mil

¹OZ Lotto/ Powerball jackpots of \$15 million or more

The balance sheet remains healthy with Net Assets of \$19.2 million as at 31 December 2014 despite continuing international expansion expenses in Germany, Mexico and the USA. The Company's cash position remains strong at \$23.8 million as at 31 December 2014 (\$14.4 million net cash plus \$9.4 million players' funds).

Additional revenue streams in the short term

Jumbo's 1.82 million customer accounts provide opportunity for additional revenue streams to bolster growth in the short term while international markets need time to

gain traction. Work is nearing completion on a significant rebuild, rebrand and relaunch of the Company's flagship App and website, OzLotteries.com which will provide capabilities for new products integrated into the lottery game play process. The new App and website will also provide customers with a more engaging lottery experience designed to further increase new customer conversion rates as well as improve customer retention and yield.

“With the continuing rise in popularity of the OzLotteries App and website, we have increased our investment in technology to further escalate growth through efficiency and product rather than just be proportional to marketing spend and optimisation”, said Mr Mike Veverka.

Germany

Progress in Germany in the first six months since the nationwide launch has been slower than expected due to a number of factors which are being addressed. Expenses have been reduced for the second half of the financial year to allow time for the changes to take effect.

1. Minimal differentiation in the JumboLotto App and website. The first version of JumboLotto.de did not include many of the features of the Australian website OzLotteries.com and was on par with competing websites. Syndicate play is the first of a series of premium offerings that was added in December 2014 with a further release due in March. Early indications are positive with increasing customer sales and retention.
2. Limited interactive marketing channels. Not all of the major interactive marketing channels, in particular Facebook, have yet entered the German online lottery market. Management are in discussions with Facebook regarding lottery marketing and are working towards approval.

3. The lack of legislation and enforcement to curb off-shore unlicensed websites selling German lotteries. Jumbo and other licensed operators are lobbying the German government to take action against these illegal operations to protect the online lottery industry.

“Jumbo has reduced spending in Germany to allow time for changes to take effect and provide a foundation for a more sustainable operation”, said Mr Mike Veverka.

“The fundamental attractiveness of the German market remains and I am confident that Jumbo can achieve its strategic goal of diversified earnings from multiple jurisdictions”, he said.

The \$11 billion German lottery market is almost twice the size of the Australian market however the internet is still very much in its infancy with penetration only around 1% compared to 10% in Australia. Because of this, management believe a significant opportunity exists in Germany however caution must be exercised during the early phase of the industry’s development.

Losses in Germany have not reduced the effective income tax expense for the Group. This is due to directors taking a conservative approach by not recognising a deferred tax asset until the business becomes further established. However, these losses are still available to offset against future profits.

USA – Successful Capital Raising in Lotto Points Plus

In November 2012, Jumbo established a 50/50 joint venture company called “Lotto Points Plus” with a local partner to provide interactive lottery solutions to the US

lottery industry. This company has raised US\$500,000 in equity funding this month at a US\$3.5 million post funding valuation. Jumbo retains a 43% shareholding worth approximately US\$1.5 million based on the post funding valuation. The company operates the website Lotteryrewards.com providing second chance games to US lottery players as a pathway to further interactive lottery offerings in the future.

“Following the early success of Lotto Points Plus, Jumbo welcomes new investors who will strengthen management and help propel the business to the next level with fresh skills, contacts and capital”, said Mr Mike Veverka, CEO of Jumbo Interactive.

Mexico

Efforts in Mexico are continuing with a focus on ensuring market conditions are favourable before committing significant levels of expenditure.

Management is in advanced discussions with one of the main national lotteries in Mexico, regarding a suitable timeframe for a launch of JumboLotto.mx.

“Based on our experience in Germany, we have identified certain market criteria that need to be established before full interactive marketing can commence”, said Mr Mike Veverka.

“These include a suitable product offering, marketing channels and competitor framework to be in place before we commit fully”, he said.

Dividend

Proposed interim fully franked ordinary dividend of 1.5 (one and a half) cents per share with a franking percentage of 100% as follows:

- Record date: 13 March 2015
- Payment date: 27 March 2015

The Dividend Reinvestment Plan will be suspended for the proposed interim fully franked dividend.

The Board intends maintaining a stable dividend for the next few years while the Company works towards achieving profitability in the overseas markets it has successfully entered.

About Jumbo Interactive

Jumbo Interactive Limited is listed in Australia (ASX:JIN) as well as the German Frankfurt, Berlin and Stuttgart exchanges (Symbol: WKN A1C82X).

In 2000, the Company sold its first lottery ticket on the internet and since then has developed www.ozlotteries.com into a popular site and mobile App for lotteries to be played. Jumbo has proven its ability to open up new lottery markets with its innovative technology and internet marketing initiatives that have brought lotteries to new demographics via the internet.

Jumbo is now also active in the European lottery market with its first licensed operation www.jumbolotto.de servicing the \$11 billion German lottery market.

For further information:

Mike Veverka

CEO and Executive Director

Ph: 07 3831 3705