



Jumbo Interactive Ltd

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## ASX RELEASE – Friday, 20 December 2019

### TRADING UPDATE

### HALF YEAR DECEMBER 2019



- FORECAST TTV ABOUT \$187.6 million - AN INCREASE OF ABOUT 27%
- FORECAST REVENUE ABOUT \$37.8 million - AN INCREASE OF ABOUT 24%
- FORECAST NPAT ABOUT \$14.3 million – AN INCREASE OF ABOUT 13%
- FORECAST NUMBER OF LARGE JACKPOTS 23 – NO CHANGE

Leading internet lottery business, Jumbo Interactive Limited (**ASX: JIN**) (**Jumbo** or **Company**), provides this trading update for the half year to 31 December 2019 compared to the previous corresponding period (**pcp**).

TTV is expected to be up by about 27%, with good underlying growth from customer activity on the new software platform that continues to perform well during a period with the same number of large jackpots but of a larger average size. Growth is also underpinned by the continuing trend towards online lottery play, particularly by the younger demographic.

Net Profit After Tax is expected to grow 13% to about \$14.3 million after expenses related to increased business development activity and one-off acquisition costs for Gatherwell Limited. Business development efforts have resulted in two additional clients for the “Powered by Jumbo” SaaS (Software as a Service) business in the half year period underpinning future growth.

The dividend policy remains unchanged at 85% of Net Profit After Tax.

“The large number of fresh new customers from FY19 have increased their activity which is evident in the financial results for this half”, said Mr Mike Veverka, CEO and Founder of Jumbo Interactive.



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“We have increased our business development activity to help achieve our ‘\$1 billion by 2022’ vision and underpin long term growth”, he said.

The expected 23 large jackpots (Oz Lotto/Powerball Division 1 jackpots of \$15 million or above) for 1H20 is based on the current 19 for YTD November 2019 and four actual to date in December 2019. The average large jackpot value is expected to be ~\$46.5 million, compared to 1H19 of \$37.4 million.

Large jackpot activity (number and average value), which is random and unpredictable in nature, continues to be an important driver of sales (TTV), so the level of this activity over the remaining period of FY2020 will affect TTV growth accordingly. The Company continues to invest in its software platform and marketing to place it in the best possible position to take advantage of increased levels of jackpot activity as and when this occurs.

Revenue contribution from the Software-as-a-Service (**SaaS**) business segment in 1H20 is not yet material, but will increase in 2H20 as clients fully launch their “Powered by Jumbo” software platform. Three customers have now been signed, keeping the Company on track for at least two customers per year. A positive contribution to the financial results in 2H20 is also expected from the Gatherwell Ltd acquisition in December 2019.

The EBITDA margin is expected to be around 60.1% for 1H20 (63.9% pcp) after increased expenses relating to business development costs to underpin future growth, once-off professional fees relating to the acquisition of Gatherwell and increased marketing and merchant fees from increased ticket sales. The underlying EBITDA margin is expected to return to previous levels in FY21 with increased incremental revenue from the SaaS business segment expected by then.



The following trading update is provided for the six months to 31 December 2019:

<b>Continuing operations</b>	<b>HY Dec 19 Guidance</b>	<b>HY Dec 18 Actual</b>	<b>% Change</b>
Total Transaction Value ("TTV")	About \$187.6 mil	\$147.8 mil	About 27% up
Revenue	About \$37.8 mil	\$30.5 mil	About 24% up
NPBT	About \$20.6 mil	\$18.2 mil	About 13% up
Income tax expense	About (\$6.3) mil	(\$5.5) mil	About 16% up
NPAT	About \$14.3 mil	\$12.7 mil	About 13% up
EBIT	About \$20.1 mil	\$17.6 mil	About 14% up
EBITDA	About \$22.7 mil	\$19.5 mil	About 16% up
Number of large jackpots <sup>1</sup>	23	23	0%

<sup>1</sup> OZ Lotto/ Powerball Division 1 jackpots of \$15 million or above.

## Dividend Policy

The current dividend policy of a stable dividend payment at 85% of NPAT for the full financial year remains unchanged.

Special dividends remain a consideration as part of the Company's capital management strategy.

## About Jumbo Interactive

In 2000, Jumbo sold its first lottery ticket on the internet and witnessed a dramatic rise in popularity due to the convenience of buying tickets online. The Company operates the popular website [www.ozlotteries.com](http://www.ozlotteries.com) in Australia under agreements with Tabcorp (ASX: TAH). At first customers were attracted to the security of never losing a ticket and the convenience of buying online. Over the years Jumbo released a series of industry-firsts and innovations including Autoplay, apps for iPhone and Android, Apple watch, Google voice and recently, Lotto Party which promotes social group play. Jumbo has succeeded in targeting a younger and more mobile demographic with mobile now accounting for 75% of all customer interactions.



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Since entering the Lottery SaaS (Software as a Service) market with the signing of its first customer in November 2018, Jumbo has been enhancing its leading position in this market with the signing of three customers to date to use its "Powered by Jumbo" lottery software.

In December 2019 Jumbo entered the UK market with an acquisition of Gatherwell Limited, and has embarked on a "\$1 Billion vision" to reach \$1 Billion in ticket sales on the Jumbo platform by FY2022.

The announcement is authorised by the CEO.

For further information:

Mike Veverka

CEO and Executive Director

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