

24 February 2023

Jumbo delivers continued revenue and earnings growth - Reaffirms FY23 outlook

Jumbo Interactive Limited (ASX:JIN) (**Jumbo**) today announced its results for the half year ended 31 December 2022.

Jumbo CEO and Founder Mike Veverka said "We are pleased with the solid growth achieved in 1H23 which reflects a strong recovery in jackpots in the second quarter, including the \$160 million Powerball, our best draw to date. Our platform continues to perform exceptionally well, with 100% uptime for the \$160 million Powerball and a several records broken in terms of signups, checkouts and tickets sold per second. This performance is a testament to the work we've done in building a best-in-class lottery platform."

"Stride has made a meaningful contribution to Group earnings and we are pleased to have completed our acquisition of StarVale in November 2022. We continue to be impressed by the quality and growth potential of these businesses, and the integration process is now well underway. The strength of our balance sheet, strong cash generation profile and debt headroom provide significant flexibility to support further growth."

1H23 performance highlights

Continued growth across key performance metrics:

- TTV up 27.2% to \$417.0 million.
- Revenue up 18.1% to \$62.4 million.
- Underlying EBITDA¹ up 7.4% to \$30.4 million.
- Underlying NPATA^{1,2} up 8.2% to \$18.2 million.
- Underlying EPSA^{1,2} up 7.4% to 28.9 cents per share.
- Fully franked interim dividend up 4.5% to 23 cents per share.

Lottery Retailing

There were 23 Powerball/OzLotto large jackpots³ in 1H23 (1H22: 23) with the average value per jackpot up 10% to \$41.7 million (1H22: \$37.8 million). 1Q23 jackpots were relatively subdued, reflecting one of the lowest average value per jackpot periods in over three years. This however was followed by a strong recovery in jackpots in 2Q23 which benefitted from three Powerball jackpots greater than or equal to \$100 million.

Against this backdrop, Lottery Retailing delivered TTV growth of 8% and revenue growth of 7%. The revenue margin declined 0.1% due to a shift in product mix with a relatively higher proportion of Powerball ticket sales. EBITDA decreased 3% to \$15.3 million, reflecting an EBITDA/revenue margin of 30.6% (1H22: 33.9%), which was impacted by the step-up in the service fee⁴ paid to The Lottery Corporation Limited (**TLC**).

¹ Adjusted for one-off items of \$0.126 million and \$0.275 million in 1H22 and 1H23 respectively.

² Net Profit After Tax/Earnings Per Share before amortisation of acquired intangible assets.

³ Greater than or equal to \$15 million.

⁴ Pursuant to the Reseller Agreements with TLC signed on 29 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY2021, 2.5% FY2022, 3.5% FY2023, and 4.65% FY2024 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service of 4.65% applies to the excess amount.

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Software-as-a-Service (SaaS)

Jumbo licenses its Powered by Jumbo (**PBJ**) digital lottery platform to government and charity lottery operators in Australia and globally. Jumbo has an advantage through its dual role as a developer and client of our proprietary lottery software.

SaaS delivered underlying TTV growth of 20%¹ and external revenue growth of 19%¹ with a stable revenue margin. Underlying EBITDA increased 8%¹ to \$15.7 million, reflecting an EBITDA/revenue margin of 67.7% (1H22: 69.1%¹).

Managed Services

Jumbo provides its digital lottery platform as well as class leading lottery management services to charities and worthy causes looking to establish a lottery program or enhance an existing program. Managed Services includes Gatherwell Limited (**Gatherwell**) and the StarVale Group (**StarVale**) in the United Kingdom, and Stride Management Corp (**Stride**) in Canada. Jumbo completed the acquisition of Stride on 1 June 2022 with a full six-month contribution recorded in 1H23 (nil in pcp), and StarVale on 1 November 2022 with only a two-month contribution recorded in 1H23 (nil in pcp). In aggregate, Managed Services generated \$66.6 million in TTV, \$8.0 million in revenue and \$2.7 million in EBITDA, reflecting an EBITDA/revenue margin of 33.8%.

FY22 Group financials

Group metrics \$m	Reported 1H23 ²	Reported 1H22	Reported Variance
TTV	417.0	327.9	27.2%
Revenue	62.4	52.8	18.1%
Revenue margin	15.0%	16.1%	(1.1pps)
Underlying EBITDA ²	30.4	28.3	7.4%
Underlying EBITDA margin ²	48.8%	53.7%	(4.9pps)
Underlying NPATA ²	18.2	16.8	8.2%
Underlying EPSA ²	28.9cps	26.9cps	7.4%

Reported 1H23 Group TTV, revenue and EBITDA benefitted from the inclusion of Stride (six-month contribution) and StarVale (2-month contribution). In aggregate, these acquisitions contributed \$55.7 million in TTV, \$5.9 million in revenue and \$2.3 million in EBITDA.

Excluding the impact of acquisitions, Group TTV and Revenue increased 10.2% and 7.0% respectively with underlying EBITDA broadly flat on the pcp, reflecting an EBITDA/revenue margin of 49.8%. The underlying EBITDA margin was impacted by the step-up in the service fee paid to TLC³.

¹ Excludes \$0.358 million TTV/Revenue and \$0.178 million EBITDA 1H22 impact from the sale of Intellitron Pty Ltd on 30 June 2022.

² Includes a six-month contribution from Stride and two-month contribution from StarVale (nil in pcp).

³ Pursuant to the Reseller Agreements with TLC signed on 29 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY2021, 2.5% FY2022, 3.5% FY2023, and 4.65% FY2024 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service of 4.65% applies to the excess amount.

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Dividend and Capital management

The ongoing positive cash generation of the business and strength of the balance sheet enabled the Board to declare an interim, fully franked dividend of 23 cents per share. This translates to a dividend payout ratio of 84.2% at the top end of our targeted 65% to 85% dividend payout ratio range. The record and payment date for the dividend is 3 March 2023 and 17 March 2023 respectively.

As part of a proactive approach to capital management, Jumbo commenced an on-market share buy-back of up to \$25 million in September 2022. As at 31 December 2022, \$1.9 million worth of shares had been purchased. The Board will maintain a disciplined approach to the execution of the buy-back with the timing and number of shares to be purchased dependant on the prevailing share price and alternative capital deployment opportunities.

FY23 Outlook

Jumbo reaffirms its FY23 Outlook and expects the FY23 results will contain the following features:

Lottery Retailing:

- Cost of sales to be impacted by the increase in the TLC service fee¹ to 3.5% of the subscription price of tickets purchased (2.5% in FY22);
- Marketing costs are expected to be in the range of 1.5% to 2.0% of Lottery Retailing TTV (FY22: 1.7%; 1H23: 1.5%).

Group (excluding the impact of Stride and StarVale):

- Underlying operating cost growth excluding Lottery Retailing marketing costs (see above) is anticipated to moderate with Jumbo targeting an increase of 16% to 18%² (FY22: 33.2%; 1H23: 14.5%);
- The underlying EBITDA margin is anticipated to be at the upper end of the original range of 48% to 50%² (FY22: 52.9%; 1H23: 49.8%).

Jackpots remain a significant driver of Lottery Retailing ticket sales (and revenue) and in any given year there is uncertainty as to the exact number and aggregate value of large jackpots.

1H23 investor/analyst briefing

A briefing for investors and analysts will be held today at 10.00am (Brisbane/AEST).

To register to access the webcast please click on the following link:

[Jumbo Interactive Limited 1H23 Results Briefing](#)

To register to access the conference call please click on the following link:

<https://s1.c-conf.com/diamondpass/10027493-giy7bp.html>

- Ends -

¹ Pursuant to the Reseller Agreements with TLC signed on 29 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY2021, 2.5% FY2022, 3.5% FY2023, and 4.65% FY2024 and thereafter. If the subscriptions exceed \$400,000,000 in any applicable financial year, then a service of 4.65% applies to the excess amount.

² Refer to FY22 Results Media Release on 26 August 2022 – FY23 outlook included 20% to 22% underlying operating cost growth and 48% to 50% underlying EBITDA margin.



Media Release

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Authorised for release by the Board of Directors.

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About Jumbo Interactive

Jumbo is Australia's leading dedicated digital lottery company, making lotteries easier by offering its proprietary lottery software platform and lottery management expertise to the government and charity lottery sectors in Australia and globally, and by retailing lottery tickets in Australia and the South Pacific via ozlotteries.com.

Jumbo was founded in Brisbane in 1995, listed on the ASX in 1999, and has ~255 employees creating engaging and entertaining lottery experiences for its global player base.