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Jumbo delivers strong revenue and earnings growth; Reaffirms FY24 Outlook; Confirms CFO Appointment

Jumbo Interactive Limited (ASX:JIN) (**Jumbo**) today announced its results for the half year ended 31 December 2023.

Jumbo CEO and Founder Mike Veverka said "1H23 was a tough comparative period with three \$100m+ jackpots including a \$160 million Powerball. We are very pleased with the solid 1H24 revenue growth in Lottery Retailing despite slightly lower ticket sales and subdued jackpots. Looking ahead, the second half of FY24 has started extremely well with a record \$200 million Powerball in February, our best draw to date."

"Despite the final step-up in The Lottery Corporation service fee, disciplined cost management and strong revenue growth resulted in Lottery Retailing EBITDA margin expansion in the half. Revenue growth from our international subsidiaries was in line with our mid to high single digit growth expectations, with these businesses now representing almost 20% of Group revenue."

1H24 performance highlights

Growth across key performance metrics:

- TTV up 16.2% to \$484.5 million.
- Revenue up 18.4% to \$73.9 million.
- Underlying EBITDA¹ up 15.5% to \$35.1 million.
- Underlying NPATA^{1,2} up 14.5% to \$20.8 million.
- Underlying EPSA^{1,2} up 14.5% to 33.1 cents per share.
- Fully franked ordinary interim dividend up 17.4% to 27.0 cents per share.

Lottery Retailing

There were 28 Powerball/OzLotto large jackpots³ in 1H24 (1H23: 23) with the average value per jackpot down 14.4% to \$35.7 million (1H23: \$41.7 million). Against this backdrop, Lottery Retailing generated TTV of \$245.8 million, a 3.0% decline on the pcp. This was largely due to the strong comparative period which included the \$160 million Powerball in October 2022. Despite the decline in TTV, revenue increased 11.5% due to a 2.9ppt increase in the revenue margin to 22.7%, reflecting the impact of pricing changes from May 2023 and product mix. EBITDA increased 33.7% to \$20.5 million, reflecting an EBITDA/revenue margin of 36.7% (1H23: 30.6%). The step-up in the service fee⁴ paid to The Lottery Corporation Limited (**TLC**) was more than offset by the pricing changes and lower marketing spend.

¹ Adjusted for one-off items of \$0.275 million (pre-tax) and \$0.073 million (pre-tax) in 1H23 and 1H24 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 dated 25 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY21, 2.5% FY22, 3.5% FY23, and 4.65% FY24 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 TTV growth of 16.0% and external revenue growth of 14.4% with a slightly lower revenue margin. The lower revenue margin reflects the revised licensee fee structure under the extended Mater and Lotterywest SaaS agreements. EBITDA decreased 10.4% to \$14.1 million, reflecting an EBITDA/revenue margin of 60.5% (1H23: 67.7%). The decline was due to lower internal revenue from Lottery Retailing as a result of lower TTV, and higher employee and technology costs.

Managed Services

Jumbo provides its lottery platforms as well as 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, Stride Management Corp (**Stride**) in Canada and Jumbo Fundraising (**JF**) in Australia. Jumbo completed the acquisition of StarVale on 1 November 2022 with a full six-month contribution recorded in 1H24 (2 months in pcp). In aggregate, Managed Services generated \$126.0 million¹ in TTV, \$13.1 million¹ in revenue and \$3.2 million¹ in EBITDA, reflecting an EBITDA/revenue margin of 24.2% (1H23: 33.5%). The decline was due to lower margins in Stride and StarVale, partially offset by an improvement in Gatherwell.

Group financials

Group metrics \$m	Reported 1H24 ²	Reported 1H23	Reported Variance
TTV	484.5	417.0	16.2%
Revenue	73.9	62.4	18.4%
Revenue margin	15.3%	15.0%	0.3ppts
Underlying EBITDA ³	35.1	30.4	15.5%
Underlying EBITDA margin ³	47.6%	48.8%	-1.2ppts
Underlying NPATA ³	20.8	18.2	14.5%
Underlying EPSA ³	33.1cps	28.9cps	14.5%

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 27.0 cents per share. This translates to a dividend payout ratio of 84.3%, at the top end of our targeted 65% to 85% dividend payout ratio range. The record and payment date for the dividend is 1 March 2024 and 15 March 2024 respectively.

As part of a proactive approach to capital management, in September 2022 Jumbo commenced an on-market share buy-back of up to \$25 million. As at 31 December 2023, \$3.2 million worth of shares had been purchased. The Board will maintain a disciplined approach to execution, with the

¹ Based on average exchange rate of A\$1.00 = C\$0.8825 and £0.5205.

² Includes a six-month contribution from StarVale (two-months in pcp).

³ Adjusted for one-off items of \$0.275 million (pre-tax) and \$0.073 million (pre-tax) in 1H23 and 1H24 respectively.

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timing and number of shares to be purchased dependant on the prevailing share price and alternative capital deployment opportunities. The Group reserves the right to vary, suspend or terminate the share buy-back program at any time.

Jumbo CEO and Founder Mike Veverka said *"The strength of our balance sheet, strong cash generation profile and debt capacity provide flexibility to support further organic growth and invest in earnings accretive M&A."*

FY24 Outlook reaffirmed

Jumbo expects the FY24 results will contain the following key features:

Lottery Retailing¹:

- Marketing costs are expected to be in the range of 1.5% to 2.0% of Lottery Retailing TTV dependent on jackpots (FY23: 1.3%);
- Cost of sales to be impacted by the final step-up in the TLC service fee² to 4.65% of the subscription price of tickets purchased (3.5% in FY23);
- Improved revenue margin³ following portfolio pricing changes announced in May 2023 (FY23: 20.3%).

Acquisitions (Gatherwell + Stride + StarVale⁴):

- Mid-to-high single digit revenue growth;
- Modest investment to optimise governance, seed Jumbo culture and drive future growth.

Group (excluding impact of incentives⁵):

- Underlying operating cost growth to grow at a slower pace than revenue on a like-for-like-basis⁴;
- Underlying EBITDA margin is expected to be in a range of 48% to 50%² (FY23: 50.1%).

Appointment of Chief Financial Officer

Jumbo announces the appointment of Jatin Khosla as Chief Financial Officer (**CFO**) effective today. As per Jumbo's announcement to the market on 6 October 2023, Jatin has been performing the CFO role on an interim basis since that date and also held the role of Head of Investor Relations since joining Jumbo in May 2021. Prior to Jumbo, Jatin worked as a senior executive with over 15 years' experience in various finance and strategy roles in Australia and the United Kingdom.

Jumbo CEO and Founder Mike Veverka said *"Jatin has made a solid contribution in his role as interim CFO. His deep understanding of Jumbo's business and strategy, and strong relationships with the external market make him a valuable member of the KMP team."*

¹ 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.

² Pursuant to the Reseller Agreements with TLC signed dated 25 August 2020, a 'stepped-up' service fee is payable in the subscription cost of the tickets purchased at 1.5% FY21, 2.5% FY22, 3.5% FY23, and 4.65% FY24 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.

³ Pro-forma FY23 Lottery Retailing revenue margin estimated to be ~22.8% based on FY23 jackpot profile and portfolio mix.

⁴ StarVale completed on 1 November 2022.

⁵ Excludes the impact of short-term incentives and Share-based Payments (SBP). FY23 benefitted from significantly lower short-term incentive payments due to underlying NPAT growth being below the required hurdle rate.



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1H24 investor/analyst briefing

A briefing for investors and analysts will be held today at 10.30am (Brisbane/AEST).

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

[Jumbo Interactive Limited 1H24 Results Briefing](#)

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

<https://s1.c-conf.com/diamondpass/10035463-duhsu.html>

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Authorised for release by the Board of Directors.

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About Jumbo Interactive

Jumbo is a digital lottery specialist, providing our proprietary lottery software platforms and lottery management expertise to the charity and government lottery sectors in Australia and globally. Our mission is to *create positive social impact through making lotteries easier* and our vision is to become the *number one choice in digital lottery and services* around the world.

Jumbo was founded by CEO Mike Veverka in 1995 with a single computer. Since then, it has matured into a leading digital lottery retailer and lottery software provider with over 250 employees across Australasia, the United Kingdom (UK) and Canada. In FY23, Jumbo helped raise over \$230m for good causes for our charity partners. Jumbo was listed on the ASX in 1999.

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