



# **JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES**

(ABN 66 009 189 128)

## **APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020**

***This information, given under ASX listing Rule 4.2A, should be read in conjunction with the most recent annual financial report.***

Current period:

1 July 2020 to 31 December 2020

Prior corresponding period:

1 July 2019 to 31 December 2019

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the period ended 31 December:

	Consolidated Group Half Year		Change \$'000	Change %
	2020 \$'000	2019 \$'000		
Revenue from operations	40,939	37,554	Up 3,385	Up 9.0
Earnings before interest, tax, depreciation and amortisation	23,083	22,871	Up 212	Up 0.9
Earnings before interest and tax	19,026	20,235	Down 1,209	Down 6.0
Profit after tax from operations attributable to members	13,161	14,395	Down 1,234	Down 8.6
Total comprehensive income for the period attributable to members	13,052	14,388	Down 1,336	Down 9.3

## DIVIDENDS

A fully franked final dividend of 17.0 (seventeen) cents per ordinary share for the financial year ended 30 June 2020 (2019: final 21.5¢) was paid on ordinary shares during the half year ended 31 December 2020.

A fully franked interim dividend of **18.0 (eighteen) cents per share** (2019: interim 18.5¢) will be paid on ordinary shares as follows:

- Record date: 5 March 2021
- Payment date: 19 March 2021

## NET TANGIBLE ASSETS

	Consolidated Group Half Year	
	2020 Cent	2019 Cent
Net Tangible Assets (NTA) per ordinary share	66.4	77.3

The decrease in net tangible assets by 10.9¢ or 14.1% is mainly due to the use of cash (tangible asset) for the payment of the \$15,000,000 Tabcorp extension fee, relating to the new 10-year agreements in August 2020 (**Tabcorp Agreement**), that has been capitalised and amortised over the term of the agreement (intangible asset). The NTA would otherwise be 90.1¢ per ordinary share.

## CONTROL GAINED OVER ENTITIES

Not applicable.

## LOSS OF CONTROL OVER ENTITIES

Not applicable.

## DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not material.

## REVIEW

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

## ATTACHMENTS

The Interim Report of Jumbo Interactive Limited for the half year ended 31 December 2020 is attached.

## SIGNED



**Susan Forrester**  
Chair

Brisbane  
23 February 2021



**Mike Veverka**  
Chief Executive Officer and Executive Director

# **Jumbo Interactive Limited**

**ABN 66 009 189 128**

## **Interim Report – 31 December 2020**

**CONTENTS**

Directors' Report	6
Auditor's independence declaration	8
Financial Review	9
Consolidated statement of profit or loss and other comprehensive income	20
Consolidated statement of financial position	21
Consolidated statement of changes in equity	22
Consolidated statement of cash flows	24
Notes to the consolidated financial statements	25
Directors' declaration	38
Independent auditor's review report to the members of Jumbo Interactive Limited	39

## DIRECTORS' REPORT

The Directors of Jumbo Interactive Limited present their report on the consolidated entity (Group), consisting of Jumbo Interactive Limited (the Company) and the entities it controlled at the end of, and during, the half year ended 31 December 2020.

### DIRECTORS

The following persons were Directors of Jumbo Interactive Limited during the whole of the half year and up to the date of this report, unless otherwise stated:

- Susan Forrester (non-executive Chair) – appointed 4 September 2020
- David K Barwick (non-executive Chairman) – resigned 29 October 2020
- Mike Veverka (Chief Executive Officer and Executive Director)
- Sharon Christensen (non-executive Director)
- Bill Lyne (non-executive Director)
- Giovanni Rizzo (non-executive Director)

### COMPANY SECRETARY

Mr Bill Lyne held the position of Company Secretary at the end of the half year. Mr Lyne resigned with effect from 1 January 2021 and Mr Graeme Blackett of Company Matters was appointed as Company Secretary from that date.

### PRINCIPAL ACTIVITIES

During the financial half year, the principal activities of the Group consisted of:

- Lottery Retailing (B2C);
- Software-as-a-Service (B2B/B2G); and
- Managed Services (B2B/B2G).

The following summary describes the operations in each of the Group's reportable segments:

#### *Lottery Retailing*

Sales of Australian national lottery and charity lottery tickets through the internet and mobile devices to customers (B2C) in Australia and eligible overseas jurisdictions.

#### *Software-as-a-Service*

Development, supply, and maintenance of proprietary software-as-a-service (SaaS) for authorised Business, Charities and Governments (B2B/B2G) mainly in the lottery market on an international basis.

#### *Managed Services*

Provision of SaaS related services for authorised Business, Charities and Governments (B2B/B2G) in the lottery market on an international basis. Services include prize procurement, lottery game design, campaign marketing, and customer relationship and draw management.

### REVIEW OF OPERATIONS

A review of the Group's operations for the interim financial period and the results of those operations are set out in the Financial Review as set out on pages 9 to 18 of this Interim Financial Report.

### ROUNDING OF AMOUNTS

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

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**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

The report is made in accordance with a resolution of Directors.



**Susan Forrester**  
**Chair**

Brisbane  
23 February 2021



**Mike Veverka**  
**Chief Executive Officer and Executive Director**

## AUDITOR'S INDEPENDENCE DECLARATION



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### DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor for the review of Jumbo Interactive Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jumbo Interactive Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'K L Colyer', is written over a light grey rectangular background.

**K L Colyer**  
Director

**BDO Audit Pty Ltd**

Brisbane, 23 February 2021



## FINANCIAL REVIEW

The consolidated entity is dedicated to developing and operating the world's best lottery experiences.

Our vision is to 'make lotteries easier' which relies on:

- A world-class lottery software platform; and
- Exceptional customer service.

Our strategy is to grow the business through an expanded product range and expanded geographic locations. From 1 July 2020, the core product range has been expanded from mainly an online lottery reseller to three operating segments being Lottery Retailing, Software-as-a-Service and Managed Services and has expanded geographically to distribute the core product range on a standardised basis in the UK and other international markets.

## EXPLANATION OF RESULTS

From 1 July 2020, the Group changed its internal organisational structure which was driven by the Group's new vision to 'make lotteries easier' and a growth strategy that expands its core product range from just a national lottery ticket reseller to three operating segments being Lottery Retailing (**LR**), Software-as-a-Service (**SaaS**) and Managed Services (**MS**), and expands geographically to distribute the core products range to international markets on a standardised basis.

The manner of the change in the Group's organisational structure caused the composition of its reportable operating segments to change (see note 2 for details). This has involved the allocation of direct costs to the expenses of the operating segments and allocation of indirect costs on a headcount basis. Information for the prior corresponding period (**pcp**) is provided where available and the cost to develop the information is not excessive.

The Group reports revenue on a net revenue inflow basis where it considers that it acts more as an Agent than as a Principal such as with the sale of lottery tickets. The gross amount received for the sale of goods and rendering of services is advised as Company Total Transaction Value (**TTV - 'Company'**). In addition, where the Group acts as a licensor of its software platform, the gross amount of third-party lottery ticket sales transacted through its software platform is advised as third-party Total Transaction Value (**TTV - 'Third-party'**).

The Lottery Retailing division continues to be the largest contributor to Group revenue and profits at present. Revenue for this division increased despite a lower level of large jackpot activity due mainly to an increase in customer activity, although profits have not increased to the same extent with the introduction of a service fee payable under the Tabcorp Agreement. The SaaS division revenue and profits increased as it scales up with the progressive finalisation of on boarding of customers. The Managed Services division includes Gatherwell in the UK which contributed for a full 6-months period compared to 1 month in the pcp, and is relatively new in Australia having signed its first two customers in February 2021.

The Tabcorp Agreement has impacted the current period with capitalisation and amortisation of the \$15,000,000 extension fee over the term of the Agreement increasing the amortisation expense by \$625,000 and a new service fee increasing cost of sales by \$1,876,000.

The impact of the Coronavirus (**COVID-19**) pandemic up to 31 December 2020 has been positive for the Group in general. With the movement of people being restricted during lockdowns, it is easier to purchase lottery tickets online and like-for-like jackpot sales have shown a continuing positive trend. Group staff working from home has also reduced some administration expenses during this period. Lottery ticket sales in the UK were initially depressed but re-bounded in the last 3 months of the period under review to be above pcp.

The financial position of the consolidated entity is sound with good liquidity. With the forecast upturn in the economy and continued profitability of the Group, it is well placed to take advantage of any potential acquisitions and/or opportunities.

The technology industry is fast-moving and the rate of technological change is high, and the Group continues to invest in its software platforms. In addition, better data management leads to an improved customer experience

and increased sales, so the Group has increased investment in technology for the benefit of both its own lottery retailing operation as well its SaaS customers. The Group also continues to invest in its staff, both through training and development and through additional resourcing. During the half-year period, the Group received ISO 27001:2013 certification of the information security management systems applying to its core software platform product.

The outcomes of this investment in the three main pillars that support the ongoing growth of the Group are as follows:

- \$3,364,000 (2019: \$3,103,000) invested in the proprietary software platform (intangible assets);
- \$2,600,000 (2019: \$3,441,000) invested in marketing activities primarily to acquire new and retain existing customers; and
- \$6,522,000 (2019: \$5,529,000) on employees who provide the software development and marketing skills, customer support services, and management.

## CONSOLIDATED H1FY2021 IN REVIEW

### Result Highlights (Underlying and statutory operations)

The Group has included TTV; underlying EBIT, EBITDA, and NPAT; statutory EBIT and EBITDA; and NPATA. These measures are not defined under IFRS and are, therefore, termed "non-IFRS" measures and are unaudited.

Statutory EBIT is defined as group earnings before net interest and tax, while statutory EBITDA is earnings before net interest, tax, depreciation and amortisation.

Underlying EBIT, EBITDA, and NPAT is defined as statutory EBIT, EBITDA, and NPAT adjusted for significant non-recurring, non-operating items, and is provided as a useful indicator of the Groups' operating financial performance on a year-by-year basis.

\$'000	HY Dec 2020	HY Dec 2019	Change %
TTV	232,776	185,303	25.6%
- Company	186,078	184,247	
- Third party	46,698	1,056	
Revenue	40,939	37,554	9.0%
Revenue margin (%)	17.6%	20.3%	2.7 pps
EBITDA – underlying <sup>1</sup>	24,135	23,283	3.7%
EBIT – underlying <sup>1</sup>	20,078	20,647	(2.8%)
NPAT – underlying <sup>1</sup>	13,953	14,806	(5.8%)
NPATA <sup>2</sup> - underlying <sup>1</sup>	16,345	16,270	0.5%
Earnings per share – underlying	22.1¢	23.8¢	(7.1%)
Adjustments			
- Acquisition costs	(98)	(412)	(76.2%)
- Consulting and legal fees	(867)	-	>100%
- Fair value movement on financial liabilities	(87)	-	>100%
- Tax effect	260	-	>100%
EBITDA – statutory	23,083	22,871	1.0%
EBIT – statutory	19,026	20,235	(5.8%)
NPAT – statutory	13,161	14,395	(8.4%)
NPATA <sup>2</sup> - statutory	15,553	15,859	(1.9%)

\$'000	HY Dec 2020	HY Dec 2019	Change %
Interim dividend (cps)	18.0¢	18.5¢	(2.7%)
Earnings per share (cps)	21.1¢	23.1¢	(9.1%)
Return on capital employed (%)	16.1%	18.1%	(2.0pps)
EBITDA margin - underlying (%)	59.0%	62.0%	(3.0 pps)
EBIT margin – underlying (%)	49.0%	55.0%	(6.0 pps)

<sup>1</sup> refer to pages 12 and 13 for the reconciliation to statutory earnings

<sup>2</sup> NPATA is net profit after tax and add back of acquired intangible assets tax-effected amortisation expense: 2020 \$2,392,000 after tax (2019: \$1,464,000 after tax)

- TTV up 25.6% with the inclusion of all ticket sales processed through the Jumbo lottery platform
- Revenue up \$3,385,000 or 9% to \$40,939,000 with:
  - SaaS up \$1,092,000 as the segment starts to scale
  - MS up \$1,297,000 with 6-month contribution from Gatherwell compared to 1 month in pcp
  - LR up \$996,000 notwithstanding weaker large jackpot activity to pcp
- Underlying EBITDA up \$852,000 or 3.7% to \$24,135,000.

#### Major items

- SaaS segment scaling up with three customers previously signed-up now fully or almost fully operational in this half-year period under review and signing a new agreement with Lotterywest that involved transferring Jumbo's Western Australia customers to Lotterywest and providing them with a white-label website for these customers that went live 22 December 2020
- Managed Services segment includes financial performance of Gatherwell UK for a full 6 months compared to 1 month in the pcp (acquired 29 November 2019)
- Lottery Retailing – signing of the Tabcorp Agreement which provides greater certainty over a longer period albeit at reduced returns

#### Consolidated results

TTV and Revenue have increased largely due to the scaling up of the SaaS business and Gatherwell contributing 6 months in the MS business compared to 1 month in the pcp (that also contributed to increased expenses). Cost of sales has increased with a service fee introduced with the Tabcorp Agreement signed in August 2020. There is a continued focus on the management of expenses which, on an underlying basis, increased 10.3%.

The Group's financial performance is summarised below.

	Half Year			
	2020	2019	Change	Change
	\$'000	\$'000	\$'000	%
TTV	232,776	185,303	47,473	25.6
Revenue	40,939	37,554	3,385	9.0
Cost of sales	(4,095)	(2,821)	(1,274)	45.2
Gross profit	36,844	34,733	2,111	6.1
Other revenue	187	213	(26)	(12.2)
Expenses	(13,948)	(12,075)	(1,873)	15.5
EBITDA	23,083	22,871	212	0.9
Depreciation and amortisation	(4,057)	(2,636)	(1,421)	53.9

	Half Year		Change \$'000	Change %
	2020	2019		
	\$'000	\$'000		
EBIT	19,026	20,235	(1,209)	(6.0)
Net interest revenue	47	479	(432)	(90.2)
NPBT	19,073	20,714	(1,641)	(7.9)
NPAT attributable to members	13,161	14,395	(1,234)	(8.6)

#### Group performance overview

- TTV up \$47,473,000 or 25.6% largely from the SaaS segment as the business scales-up together with the Managed Services segment that includes Gatherwell for 6 months compared to 1 month in the pcp (that also contributed to increased expenses)
- Revenue up \$3,385,000 or 9% to \$40,939,000 with contributions from:
  - SaaS up \$1,092,000 to \$1,637,000, net of intersegment revenue, with a scaling-up of the current customers since becoming fully operational in the half-year period;
  - Managed Services up \$1,297,000 to \$1,495,000 with a full 6-month contribution from Gatherwell UK compared to a 1-month period in pcp; and
  - Lottery Retailing up \$996,000 or 2.7% to \$37,807,000 mainly due to strong support at lower jackpot levels but impacted from lower activity of large jackpots.
- Cost of sales up \$1,274,000 or 45.2% mainly due to the new service fee under the Tabcorp Agreement signed in August 2020
- Expenses up \$1,873,000 or 15.5% primarily with:
  - \$749,000 decrease in marketing (mainly customer acquisition costs in line with lower large jackpot activity);
  - \$993,000 increase in employee benefits expense largely from Gatherwell contributing 6 months compared to 1 month in the pcp (\$558,000 up \$463,000 from \$95,000), reaching a full run-rate from staff employed in the pcp, and 6 more staff in AU compared to the pcp, and annual remuneration increases;
  - \$850,000 increase in consultancy and legal expenses mostly with one-off expenses of \$867,000 relating to the 10-year Tabcorp Agreement;
  - \$524,000 increase in technology expenses for data analytic software that is used internally for the benefit of [ozlotteries.com](http://ozlotteries.com) which gives the Group a competitive advantage in the services it provides to its SaaS and Managed Services customers;
  - \$298,000 increase in insurance with increased cover and premiums with an expanding business;
  - \$281,000 decrease in other expenses that mainly relate to reduced travel and accommodation expenses impacted by COVID-19 and staff working from home; and
  - \$88,000 increase in the fair value movement on financial liabilities based on management's judgement of an increased probability of paying the full final earnout to the Gatherwell vendors at the 30 June 2021 milestone.
- EBITDA up \$212,000 or 0.9% to \$23,083,000 with contributions from:
  - Software-as-a-Service \$10,407,000;
  - Managed Services \$464,000;
  - Lottery Retailing \$15,378,000;
  - Corporate loss (\$3,353,000); and
  - Other revenue \$187,000
- \$1,421,000 or 53.9% increase in depreciation and amortisation mainly due to:
  - \$625,000 amortisation of the \$15,000,000 capitalised Tabcorp extension fee being amortised over the 10-year term of the agreements;
  - \$208,000 amortisation for 6 months (2019: \$Nil) of the Gatherwell intangible assets that arose in the business combination on acquisition; and
  - increasing capitalised website developments costs relating to the proprietary software.
- \$432,000 or 90.2% decrease in net interest revenue mainly due to lower average bank balances and lower average interest rates.

**Reconciliation to Statutory Earnings**

Underlying earnings is a non-statutory measure and is the primary reporting measure used by management and the Group's chief operating decision maker for the purposes of managing and accessing the financial performance of the business. Underlying earnings is derived by adjusting the statutory earnings for significant non-recurring, non-operating items as follows:

	<b>HY Dec 2020</b>	<b>HY Dec 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Underlying EBITDA	24,135	23,283
Underlying EBIT	20,078	20,647
Underlying NPAT	13,953	14,807
Add/(deduct) significant items		
• Acquisition costs	(98)	(412)
• Consulting and legal fees	(867)	-
• Fair value movement on financial liabilities	(87)	-
Statutory EBITDA	23,083	22,871
Statutory EBIT	19,026	20,235
Taxation benefit	260	-
Statutory NPAT	13,161	14,395

The acquisition costs relate to the acquisition of Gatherwell Limited in the UK on 29 November 2019. The consulting and legal fees relate to the 10-year Tabcorp Agreement signed on 26 August 2020. The fair value movement on financial liabilities is in respect of increasing the probability from 90% to 95% of paying the full earnout for milestone two for 30 June 2021 in respect of the Gatherwell Limited UK acquisition.

**Group and segment results**

<b>HY Dec 2020</b>	<b>Lottery Retailing</b>	<b>SaaS</b>	<b>Managed Services</b>	<b>Total<sup>1</sup></b>
	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>
TTV - external	185,684	39,934	7,158	232,776
Revenue	37,807	15,482	1,494	54,783
– Intersegment	-	13,844	-	13,844
– Third-party	37,807	1,638	1,494	40,939
Gross profit	20,056	15,468	1,320	36,844
Operating expenses	(4,679)	(5,060)	(856)	(10,595)
EBITDA	15,377	10,408	464	26,249
Revenue/TTV	20.4%	4.1%	20.9%	17.6%
GP/Revenue	53.0%	99.9%	88.3%	67.3%
Opex/Revenue	12.4%	32.7%	57.3%	19.3%
EBITDA/Revenue	40.7%	67.2%	31.1%	47.9%

<sup>1</sup> segment results do not aggregate to Consolidated total due to intersegment eliminations and other reconciling items.

For a reconciliation between these segment results and the results per the Statement of Profit or Loss and Other Comprehensive Income, refer to Note 2 of the interim report.

**Review of Operations**

With the change on the composition of the reportable operating segments from 1 July 2020, directly comparable information of all items for the pcg is not available.

**(a) Lottery Retailing**

Jumbo's lottery retailing business operates the [www.ozlotteries.com](http://www.ozlotteries.com) website and sells tickets in Australian national draw lottery games to customers in all Australian states and territories and other eligible jurisdictions excluding Queensland and Western Australia, under 10-year agreements to 26 August 2030 with the licenced operator Tabcorp Holdings Limited (ASX: TAH). The business also sells tickets in Australian charity lottery games to customers in Australia and other eligible jurisdictions under agreements with several licenced registered charities in Australia.

<b>\$'000</b>	<b>HY Dec 2020</b>
TTV	185,684
Revenue	37,807
Gross profit	20,056
Operating expenses	(4,679)
EBITDA	15,377
Revenue/TTV	20.4%
Gross profit/Revenue	53.0%
Opex/Revenue	12.4%
EBITDA/Revenue	40.7%

**Lottery Retailing Financial Performance Overview**

TTV has increased by \$1,884,000 or 1.0% to \$185,684,000 (2019: \$183,800,000) mainly due to increased activity and spend from current customers. Although new customer numbers were lower than pcg, it is still a good result when comparing the lower large jackpot activity to the pcg.

<b>TTV \$'000</b>	<b>HY Dec 2020</b>	<b>HY Dec 2019</b>	<b>Change</b>
Lotteries	180,694 (97.3%)	179,130 (97.5%)	Up 1,564 or 0.9%
Charities	4,990 (2.7%)	4,670 (2.5%)	Up 320 or 6.9%
Total TTV	185,684 (100.0%)	183,800 (100.0%)	Up 1,884 or 1.0%

The number of large jackpots is an important driver of TTV. The TTV trend over the last three half year periods in the context of such jackpots in Australia is summarised as follows:

	<b>HY Dec 2020</b>	<b>HY Jun 2020</b>	<b>HY Dec 2019</b>
TTV – Lottery retailing	\$185.7 million	\$156.0 million	\$183.8 million
Reported Revenue – Lottery retailing	\$37.8 million	\$31.9 million	\$36.8 million
<b>OZ Lotto/ Powerball Division 1 of \$15 million or more</b>			
Number of jackpots of \$15 million or more	15	16	23
Average Division 1 jackpot of \$15 million or more	\$34.0 million	\$30.9 million	\$46.5 million
Peak Division 1 jackpot during the half year period	\$80 million	\$80 million	\$150 million
Aggregate Division 1 jackpots on offer during the half year period	\$510 million	\$495 million	\$1,070 million

Notwithstanding a 34.8% decrease in number and 52.3% decrease in aggregate value of large jackpots, there has still been an increase in TTV and Revenue from the increased customer database and existing customer activity and a slight improvement in revenue margin due to product mix.

Jumbo invests extensively in online marketing to grow and activate the customer database that transacts via its website ([www.ozlotteries.com](http://www.ozlotteries.com)) and associated mobile apps (iOS & Android). \$2,454,000 (2019: \$3,441,000) was invested in marketing activities during the period primarily to acquire new and retain existing customers.

The following key performance indicators (**KPIs**) are used to track the effectiveness of online marketing campaigns:

1. **CPL:** Cost per Lead (new online accounts) is defined as the total cost to acquire these new accounts divided by the number of new accounts in a given period. New accounts may potentially become active customers after the account has been established.
2. Number of Active Online Customers is defined as customers who have spent money on tickets in a given period.
3. Average spend per active online customer is defined as the total spent by active online customers divided by the number of active online customers in a given period.

The following table summarizes the Marketing KPI's:

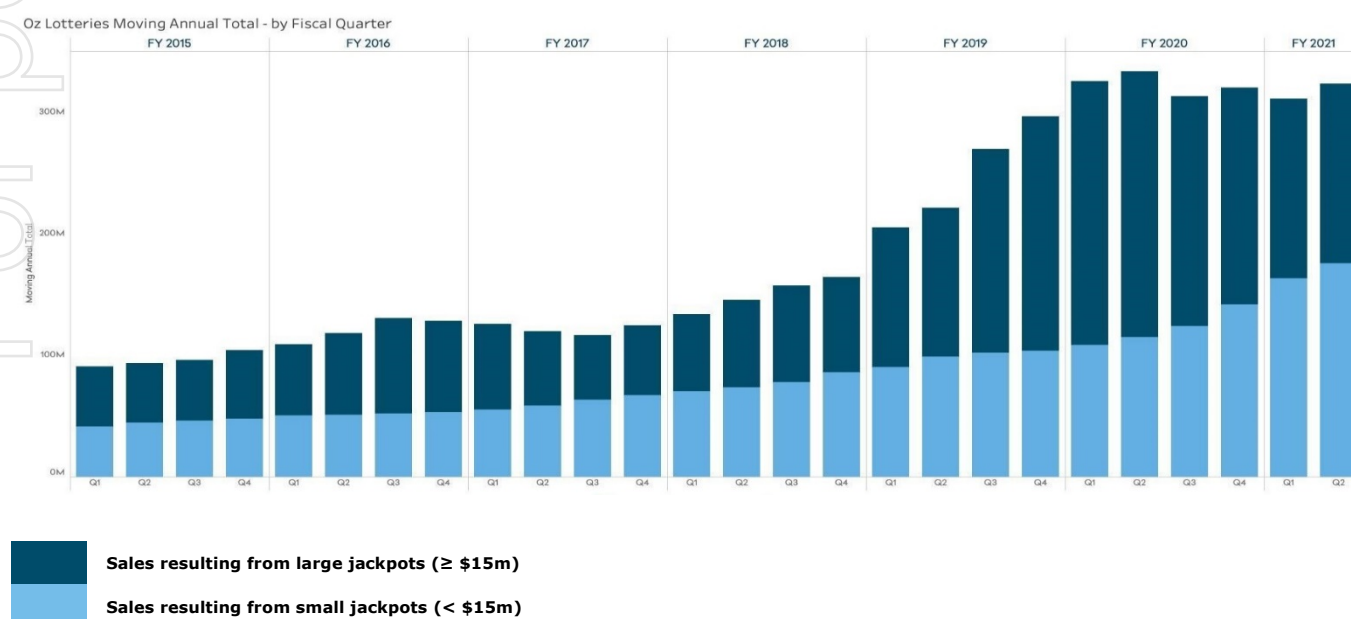
<b><u>www.ozlotteries.com</u> and mobile apps</b>	<b>HY Dec 2020</b>	<b>HY Dec 2019</b>
Number of new online accounts (6-month period)	143,495	199,213
Cost per Lead - CPL (6-month period)	\$16.21	\$15.33
Number of active online customers (12-month period)	782,455	848,621
Average spend per active online customer (12-month period)	\$409.14	\$389.09

Whilst there has been a positive impact in new and active customers buying online due to COVID-19, with a 5.2% increase in average spend, there has been a negative impact from the lower level of large jackpot activity.

The number of new online accounts for the 6-month period to 31 December 2020 is 28.0% lower than pcpl largely due to lower large jackpot activity which was 34.8% lower in number and 52.3% lower in aggregate value than pcpl, with the average large jackpot value 15.3% lower than pcpl.

The number of active online customers for the 12-month period to 31 December 2020 is 7.8% lower than pcpl mainly from lower large jackpot activity that was 36.7% lower in number (from 49 to 31) and 51.9% lower aggregate value from \$2,090,000,000 to \$1,005,000,000, with the average large jackpot value 24.0% lower than pcpl.

The underlying business remains strong as evidenced by an increase in TTV and Revenue notwithstanding the lower large jackpot activity and the following Moving Annual Total (**MAT**):



Revenue increased by \$996,000 or 2.7% to \$37,807,000 (2019: \$36,811,000) with the Revenue margin slightly higher at 20.4% (2019: 20.0%).

The signing of the Tabcorp Agreement provides the Group with greater certainty over a longer period albeit at reduced returns following the introduction of a service fee effective from 13 July 2020. The service fee is based on the cost of ticket purchases from Tabcorp at 1.5% for FY21 purchases, 2.5% for FY2022 purchases, 3.5% for FY2023 purchases and 4.65% for FY2024 onward purchases. A software licence fee of 7.5% of TTV has been implemented in this period reflecting an inter-segment payment to the SaaS segment in respect of licencing of the PoweredByJumbo or **PBJ** software platform and use of the data analytics used by the Lottery Retailing segment.

The single largest expense is Marketing of \$2,455,000 which is mainly customer acquisition costs of \$2,327,000 (2019: \$3,054,000) and tends to fluctuate in line with TTV/Revenue, followed by Employee benefits expenses \$1,413,000 in respect of 42 staff employed in the segment of which the majority are digital marketing and customer support staff.

#### (b) Software-as-a-Service (SaaS)

Jumbo's SaaS segment licences the JumboLotto lottery software platform (**PoweredByJumbo** or **PBJ**) to several customers nationally, including to ozlotteries.com, and develops, improves and maintains the JumboLotto proprietary platform. Support services in the USA relating to efforts to enter this market are included in this business. The business also licences other proprietary software that it develops, improves and maintains (currently only a payroll software platform and website at [www.lightningpayroll.com.au](http://www.lightningpayroll.com.au)).

Software licence fees range between ~3.0% and ~9.5% of ticket sales (**TTV**) that are processed through the PBJ platform.

An intersegment fee of 7.5% is charged to the Lottery Retailing segment (ozlotteries.com customer) as (i) PBJ has been customized for this customer over many years at a significant investment compared to other customers who have received/receive an adapted version of PBJ at a much lower investment and (ii) the customer has a significantly higher usage of other services such as data analytics.

\$'000	HY Dec 2020
TTV - external	39,934
Revenue	15,482
– external	1,638
– internal	13,844
Gross profit	15,468
Operating expenses	(5,060)
EBITDA	10,408
Revenue/TTV - external	4.1%
Gross profit/Revenue	99.9%
Opex/Revenue	32.7%
EBITDA/Revenue	67.2%

Contributions within the segment are detailed as follows:

HY Dec 2020	PBJ	USA services	Other	Segment
	\$'000	\$'000	\$'000	\$'000
TTV - external	39,540		394	39,934
Revenue	15,088	-	394	15,482
– external	1,244	-	394	1,638
– internal	13,844	-	-	13,844
EBITDA	10,519	(329)	218	10,408



*SaaS Financial Performance Overview*

The half-year period has seen the scaling up of this segment with two SaaS customers previously signed-up (Mater and Endeavour) who are now fully operational and a third SaaS customer (Deaf Services) partly operational in the half-year period under review. Deaf Services is expected to be fully operational during March 2021. A new agreement was signed with Lotterywest that involved transferring Jumbo's Western Australia customers to Lotterywest and providing them with a white-label website for these customers that went live 22 December 2020.

On 26 November 2020 Jumbo was granted a remote gambling software licence by the UK Gambling Commission. Following the grant of this licence an agreement was signed with St Helena Hospice UK on 23 December 2020, to provide it with the Group's PBJ online software platform. The launch of this service later in 2021 is expected to be a catalyst for further UK-based SaaS agreements.

External TTV through the PBJ platform has increased by \$36,961,000 to \$39,540,000 from \$2,579,000 leading to an increase in external Revenue of \$1,146,000 to \$1,244,000 from \$98,000, in the pcg.

Employee benefits is the single largest expense at \$3,358,000 with 92 staff in this segment which are mainly software engineers.

USA expenses are up from \$164,000 in pcg with the engagement of an International Lottery Advisor in addition to the existing staff member in the USA. The Group is actively working to evaluate opportunities to enter into the USA market.

Other business (Lightning Payroll) has reduced Revenue from \$447,000 in the pcg due to the impact of COVID-19, with most customers being small businesses.

**(c) Managed Services**

Jumbo's Managed Services segment provides lottery management services including prize procurement, lottery game design, campaign marketing, and customer relationship and draw management. These services are provided in addition to the PBJ lottery software platform provided by the SaaS segment to licensed charities in Australia and the UK. The business operates as Jumbo Fundraising (**JF**) in Australia and as Gatherwell Ltd as an External Lottery Manager (**ELM**) in the UK.

<b>\$'000</b>	<b>HY Dec 2020</b>
TTV	7,158
Revenue	1,494
Gross profit	1,320
Operating expenses	(856)
EBITDA	464
Revenue/TTV	20.9%
Gross profit/Revenue	88.3%
Opex/Revenue	57.3%
EBITDA/Revenue	31.1%

Contributions within the segment are as follows:

<b>HY Dec 2020</b>	<b>JF-AU</b>	<b>ELM-UK</b>	<b>Segment</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
TTV	-	7,158	7,158
Revenue	-	1,495	1,495
EBITDA	(60)	524	464

*Managed Services Financial Performance Overview*

Jumbo Fundraising (**JF**) provides a comprehensive lottery management service that includes prize procurement, lottery game design, campaign marketing, and customer relationship and draw management.

These services are provided to licensed charities that are looking to establish a lottery program or enhance an existing program. The services are provided in addition to the PBJ lottery software platform provided by the SaaS business to form a complete 'lottery-in-a-box' service to charities of all sizes.

Ticket sales are generated from the Charities' existing list of supporters via a marketing program managed by Jumbo Fundraising. Sales are further supported by [ozlotteries.com](http://ozlotteries.com) in the Lottery Retailing business segment.

JF signed its first two charity customers, Paralympics Australia and St John Ambulance (VIC) in February 2021.

The Gatherwell business in the UK operates as an External Lottery Manager (**ELM**) with 15 staff and provides lottery manager services to 86 charities (2019: 71) supporting 8,047 good causes (2019: 6,186). It was acquired 29 November 2019 and as such the pcip is only for 1 month. A comparison of the half year periods on a 6-month like-for-like basis, which includes 5 months of pre-acquisition results for 31 December 2019, is as follows:

GBP £'000s	HY 31 December 2020	HY 31 December 2019	Change £	Change %
TTV	3,963	3,146	817	26.0
Revenue	845	631	214	34.0
EBITDA	305	147	158	107.2
EBIT	303	145	158	109.3

#### Reconciling items

Other reconciling items are Corporate expenses including costs in respect of the Directors, CEO, CFO, corporate advertising, promotion and marketing, corporate investment costs and finance, tax, audit, risk, governance, and strategic project costs.

\$'000s	HY Dec 2020	HY Dec 2019	Change
Operating expenses	(3,353)	(2,167)	54.7%

#### Corporate Financial Performance Overview

The main increase in expense was consulting and legal costs by \$634,000 for one-off expenses relating to the Tabcorp 10-year agreement. Insurance expenses increased by \$263,000 with increased cover and premiums.

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group for the financial half year were as follows:

	31 Dec 2020 \$'000
(a) Decrease in cash of \$10,262,000 (net of foreign exchange differences) resulting from:	
	\$'000
➤ Cash raised from the issue of shares	88
➤ Dividends paid (see Statement of Cash Flows for details)	(10,616)
➤ Cash provided by operating activities (see Statement of Cash Flows for details)	18,998
➤ Cash used in investing activities (see Statement of Cash Flows for details)	(3,227)
➤ Tabcorp Agreement extension fee (Statement of Cash Flows for details)	(15,000)
➤ Payment of lease liabilities in financing activities (see Cash Flow Statement for details)	(505)
	<u>(10,262)</u>

(b) Increase in non-current assets of \$12,303,000 resulting from:

	<b>\$'000</b>
➤ Investment in website development costs net of amortisation	804
➤ Capitalised Tabcorp Agreement extension fee net of amortisation	14,375
➤ Change in the contingent consideration in Escrow	(1,761)
➤ Changes in other non-current assets – see Statement of Financial Position	(1,115)
	<u>12,303</u>

(c) Increase in current liabilities of \$804,000 resulting from:

	<b>\$'000</b>
➤ Trade and other payables – timing of weekly in payment for ticket purchases weekly in arrears	1,354
➤ Other liabilities – see Statement of Financial Position	(550)
	<u>804</u>

(d) Decrease in non-current liabilities of \$1,952,000 resulting from:

	<b>\$'000</b>
➤ Contingent consideration re-classified to current liabilities	(1,581)
➤ Changes in other non-current liabilities – see Statement of Financial Position	(371)
	<u>1,952</u>

## Jumbo Interactive Limited and its Controlled Subsidiaries

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2020

		Half Year	
	Note	2020 \$'000	2019 \$'000
Revenue	3	40,939	37,554
Cost of sales	4	(4,095)	(2,821)
Gross profit		36,844	34,733
Other revenue/income	3	325	797
<b>Expenses</b>			
Distribution expenses		(8)	(16)
Marketing costs		(2,600)	(3,441)
Occupancy expenses		(46)	(61)
Administrative expenses	4	(15,254)	(11,188)
Finance costs		(101)	(110)
Fair value movement on financial liabilities		(87)	-
<b>Profit before income tax expense</b>		19,073	20,714
Income tax expense		(5,912)	(6,319)
<b>Profit after income tax expense for the half year attributable to the owners of Jumbo Interactive Limited</b>		13,161	14,395
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(109)	(7)
Other comprehensive income for the half year, net of tax		(109)	(7)
<b>Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited</b>		13,052	14,388
<b>Earnings per share (cents per share)</b>		<b>Cents</b>	<b>Cents</b>
<b>From operations</b>			
Basic earnings per share	5	21.08	23.10
Diluted earnings per share	5	20.88	22.97

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Jumbo Interactive Limited and its Controlled Subsidiaries

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		31 December 2020	30 June 2020
	Note	\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents	6	61,999	72,259
Trade and other receivables		1,745	1,961
Inventories		17	31
Other current assets		1,736	1,757
<b>Total current assets</b>		65,497	76,008
<b>Non-current assets</b>			
Property, plant and equipment		427	485
Intangible assets	7	39,702	24,824
Right-of-use assets		4,355	5,185
Deferred tax assets		1,339	1,265
Other non-current assets		-	1,761
<b>Total non-current assets</b>		45,823	33,520
<b>Total assets</b>		111,320	109,528
<b>Current liabilities</b>			
Trade and other payables	8	20,414	19,060
Current tax liabilities		849	1,235
Employee benefit obligations		492	532
Lease liabilities		974	990
Contingent consideration at fair value	11	1,649	1,757
<b>Total current liabilities</b>		24,378	23,574
<b>Non-current liabilities</b>			
Employee benefit obligations		770	668
Make good provisions		47	47
Lease liabilities		3,633	4,395
Contingent consideration at fair value	11	-	1,581
Deferred tax liabilities		633	344
<b>Total non-current liabilities</b>		5,083	7,035
<b>Total liabilities</b>		29,461	30,609
<b>Net assets</b>		81,859	78,919
<b>Equity</b>			
Contributed equity	9	80,177	80,089
Accumulated losses		(17,399)	(17,399)
Profits appropriation reserve		18,572	16,027
Other reserves		509	202
<b>Total equity</b>		81,859	78,919

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Jumbo Interactive Limited and its Controlled Subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half year ended 31 December 2020

	Contributed equity \$'000	Accumulated losses \$'000	Profits appropriation reserve \$'000	Share- based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets reserve \$'000	Total equity \$'000
<b>CONSOLIDATED GROUP</b>							
<b>Balance at 1 July 2019</b>	79,302	(17,399)	15,102	2,753	(78)	(2,302)	77,378
<b>Total comprehensive income for the half year</b>							
Profit for the half year	-	-	14,395	-	-	-	14,395
Other comprehensive income	-	-	-	-	(7)	-	(7)
Total comprehensive income for the half year	-	-	14,395	-	(7)	-	14,388
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares	787	-	-	-	-	-	787
Dividends paid	-	-	(13,410)	-	-	-	(13,410)
Share-based payments	-	-	-	296	-	-	296
	787	-	(13,410)	296	-	-	(12,327)
<b>Balance at 31 December 2019</b>	80,089	(17,399)	16,087	3,049	(85)	(2,302)	79,439
<b>Total comprehensive income for the half year</b>							
Profit for the half year	-	-	11,488	-	-	-	11,488
Other comprehensive income	-	-	-	-	(670)	-	(670)
Total comprehensive income for the half year	-	-	11,488	-	(670)	-	10,818
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid	-	-	(11,549)	-	-	-	(11,549)
Share-based payments	-	-	-	210	-	-	210
	-	-	(11,549)	210	-	-	(11,339)
<b>Balance at 30 June 2020</b>	80,089	(17,399)	16,027	3,259	(755)	(2,302)	78,919

	Contributed equity \$'000	Accumulated losses \$'000	Profits appropriation reserve \$'000	Share- based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets reserve \$'000	Total equity \$'000
<b>CONSOLIDATED GROUP</b>							
<b>Balance at 30 June 2020</b>	80,089	(17,399)	16,027	3,259	(755)	(2,302)	78,919
<b>Total comprehensive income for the half year</b>							
Profit for the half year	-	-	13,161	-	-	-	13,161
Other comprehensive income	-	-	-	-	(109)	-	(109)
Total comprehensive income for the half year	-	-	13,161	-	(109)	-	13,052
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares	88	-	-	-	-	-	88
Dividends paid	-	-	(10,616)	-	-	-	(10,616)
Share-based payments	-	-	-	416	-	-	416
	88	-	(10,616)	416	-	-	(10,112)
<b>Balance at 31 December 2020</b>	80,177	(17,399)	18,572	3,675	(864)	(2,302)	81,859

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Jumbo Interactive Limited and its Controlled Subsidiaries

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2020

		Half Year	
	Note	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		45,523	39,649
Payments to suppliers and employees		(20,315)	(21,485)
Interest received		138	584
Interest and other costs of finance paid		(101)	(6)
Income tax paid		(6,083)	(6,873)
Net cash provided by (used in) operating activities	6(b)	19,162	11,869
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(25)	(167)
Payments for intangibles	7	(3,366)	(3,104)
Payment for extension of Tabcorp agreement	7	(15,000)	-
Payment for investments, net of cash acquired		-	(4,996)
Payment for deposit for contingent consideration		-	(3,789)
Net cash provided by (used in) investing activities		(18,391)	(12,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(505)	(546)
Proceeds from issue of shares	9	88	787
Dividends paid	10	(10,616)	(13,410)
Net cash provided by (used in) financing activities		(11,033)	(13,169)
Net increase (decrease) in cash and cash equivalents		(10,262)	(13,356)
Net foreign exchange differences		2	3
Cash and cash equivalents at beginning of half year		72,259	84,583
Cash and cash equivalents at end of half year	6(a)	61,999	71,230

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## **Jumbo Interactive Limited and its Controlled Subsidiaries**

### **NOTES TO THE PRELIMINARY FINAL REPORT**

**For the half year ended 31 December 2020**

#### **NOTE 1: BASIS FOR PREPARATION OF HALF YEAR REPORT**

These general purpose financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated Group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Jumbo Interactive Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements, except for the policies stated below.

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half year reporting period. Where the adoption of these new and revised Standards and Interpretations had a material financial impact on the amounts recognised in the financial statements of the Group for the current or prior periods, this has been disclosed below.

#### **New or amended Accounting Standards and Interpretations adopted**

There are no new or amended accounting standards and interpretations mandatory effective 1 July 2020 that have a material impact to the Group.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity.

#### **Website Development Costs**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical and financial feasibility studies identify that we have the resources to complete the development and the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a straight-line basis matched to the future economic benefits over the useful life of the project of five years.

#### **Tabcorp Extension Fee**

An extension fee was payable when the 10-year Tabcorp Agreement was executed on 26 August 2020. The extension fee is capitalised as the Agreement will deliver future economic benefits and these benefits can be reliably measured.

The extension fee has a finite life and is amortised on a straight-line basis matched to the economic benefits over the useful life of the Agreement of 10 years.

## **NOTE 2: SEGMENT REPORTING**

From 1 July 2020, the Group changed its internal organisational structure in a manner that caused the composition of its reportable operating segments to change. Due to the change in the new reporting structure, comparative for 2019 below the Gross Profit line is not available due to the excessive time and cost to provide the information.

Jumbo determines and presents operating segments on a product and a geographic basis as this is how the results are reported internally to the Chief Executive Officer (chief operating decision maker) and how the business is managed. The Chief Executive Officer assesses the performance of the Group based on the earnings before interest, tax, and depreciation and amortisation (EBITDA) amongst other key metrics and key performance indicators.

### **Segment information**

#### **(a) Description of segments**

The following summary describes the operations in each of the Group's reportable segments:

##### **Lottery Retailing**

Sales of Australian national lottery and charity lottery tickets through the internet and mobile devices to customers (B2C) in Australia and eligible overseas jurisdictions.

##### **Software-as-a-Service (SaaS)**

Development, supply and maintenance of proprietary software-as-a-service (SaaS) for authorised Business, Charities and Governments (B2B/B2G) mainly in the lottery market on an international basis.

##### **Managed Services**

Provision of SaaS related services for authorised Business, Charities and Governments (B2B/B2G) in the lottery market on an international basis. This includes Gatherwell UK, a 'lottery-in-a-box' providing lottery management services using a proprietary lottery software platform to society lotteries in the UK.

##### **Intersegment eliminations**

The SaaS segment licences the lottery software platform to the Lottery Retailing segment on a licence fee of 7.5% of lottery ticket sales.

##### **Expenses**

Direct costs are included in expenses of operating segments and indirect costs are allocated to operating segments based on headcount.

##### **Reconciling items**

Other reconciling items are Corporate expenses including costs in respect of the Directors, CEO, CFO, corporate advertising, promotion and marketing, corporate investment and finance, tax, audit, risk, governance, and strategic projects.

**(b) Segment information**

The segment information for the operative segments for the half year is as follows:

Half year ended 31 December 2020	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000s	Total \$'000
TTV	185,684	39,934	7,158	-	232,776
– Company	185,684	-	-	-	185,684
– Third-party	-	39,934	7,158	-	47,092
Total segment sales revenue from external customers	37,807	1,638	1,494	-	40,939
Intersegment sales revenue	-	13,844	-	(13,844)	-
Total segment sales revenue	37,807	15,482	1,494	(13,844)	40,939
Cost of sales	(17,751)	(14)	(174)	13,844	(4,095)
Gross profit	20,056	15,468	1,320	-	36,844
Finance costs	-	-	(5)	-	(5)
Employee benefits expense	(1,413)	(3,357)	(642)	-	(5,412)
Directors remuneration	(4)	-	-	-	(4)
Consultancy and legal expenses	(50)	(228)	-	-	(278)
Marketing expenses	(2,455)	(119)	(31)	-	(2,605)
Corporate expenses	(1)	(1)	(48)	-	(50)
Technology expenses	(55)	(699)	(42)	-	(796)
Office expenses	(72)	(93)	(24)	-	(189)
Other expenses	(628)	(563)	(64)	-	(1,255)
Operating expenses	(4,679)	(5,060)	(856)	-	(10,595)
EBITDA	15,377	10,408	464	-	26,249

	<b>Lottery retailing</b>	<b>SaaS</b>	<b>Managed services</b>	<b>Intersegment eliminations</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000s</b>	<b>\$'000</b>
<b>Reconciliation to Statutory Consolidated results</b>					
					<b>\$'000</b>
<b>Total segment revenue</b>					<b>40,939</b>
<b>Consolidated Revenue (see note 3)</b>					<b>40,939</b>
<b>Total segment EBITDA</b>					<b>26,249</b>
<i>Other reconciling items (Corporate)</i>					
Finance costs					(6)
Employee benefits expense					(693)
Share-based payments					(416)
Directors remuneration					(315)
Consultancy and legal expenses					(989)
Marketing expenses					(12)
Corporate expenses					(295)
Other expenses					(540)
Fair value movement on financial liabilities					(87)
Consolidated operating profit					22,896
Other revenue					187
Consolidated EBITDA					23,083
Depreciation and amortisation					(4,057)
Consolidated EBIT					18,026
Net interest – revenue					47
Consolidated Net profit before tax					19,073
Income tax expense					(5,912)
<b>Consolidated Net profit after tax (see Profit or Loss)</b>					<b>13,161</b>

The available segment information for the new operative segments for the comparative half year is as follows:

Half year ended 31 December 2019	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment eliminations \$'000s</b>	<b>Total \$'000</b>
TTV	183,800	3,026	958	-	187,784
– Company	183,800	-	-	-	183,800
– Third-party	-	3,026	958	-	3,984
Total segment sales revenue from external customers	36,811	545	198	-	37,554
Intersegment sales revenue	-	-	-	-	-
Total segment sales revenue	36,811	545	198	-	37,554
Cost of sales	(2,791)	(4)	(26)	-	(2,821)
Gross profit	34,020	541	172	-	34,733

### NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	Half Year	
	2020 \$'000	2019 \$'000
Revenue		
— Revenue from sale of goods <sup>1</sup>	1,508	1,159
— Revenue from rendering services <sup>1</sup>	39,431	36,395
Revenue	40,939	37,554
Other income/revenue		
— Interest received		
- Cash	138	584
— Other revenues		
- Foreign exchange gains	136	210
- Other	51	3
	325	797
Total	41,264	38,351

<sup>1</sup>the Consolidated Entity derives revenue from the transfer of goods and services at a point-in-time.

### NOTE 4: PROFIT FOR THE HALF YEAR

	Consolidated Group	
	Half Year	
	2020 \$'000	2019 \$'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
— Sale of goods	346	446
— Rendering of services	3,749	2,375
	4,095	2,821
Finance costs expensed		
— interest and finance charges paid/payable on borrowings	10	5
— interest and finance charges paid/payable on lease liabilities	91	105
Finance costs expensed	101	110
Administrative expenses		
Depreciation of non-current assets		
— Plant and equipment	64	73
Amortisation of non-current assets		
— Leasehold improvements	19	30
— Intangibles	3,418	2,092
— Right-of-use assets	556	441
Depreciation and amortisation	4,057	2,636
Other expenses		
— Employee benefits expense	5,807	4,953
— Defined contribution superannuation expense	714	576
Employee benefits expenses	6,521	5,529

**Consolidated Group**  
**2020                      2019**  
**Half Year**  
**\$'000                      \$'000**

Profit before income tax includes the following specific expenses:

Fair value movement on financial liabilities	87	-
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*Presentation – Cost of sales-Rendering of services*

The Group changed its presentation relating to the recognition of Cost of sales-Rendering of Services for the financial year ending 30 June 2020 under AASB 101: Presentation of Financial Statements which applies to accounting periods beginning on or after 1 January 2020 but before 1 January 2021. Services Fees and Merchant Fees were previously presented on an indirect cost basis in Administration expenses and are now disclosed in Cost of sales-Rendering of Services. This change has been implemented as management is of the opinion that, after judgement and consideration of all the relevant facts and circumstances, that these costs are directly related to the rendering of services. The aggregate effect of the change in the presentation of the interim financial statements for the half-year ended 31 December 2019 is as follows:

**Consolidated Statement of Comprehensive Income**

<b>For the half year ended 31 December 2019</b>	<b>Previous presentation \$000s</b>	<b>Adjustment \$'000</b>	<b>Revised presentation \$'000</b>
Cost of sales-sale of goods	446	-	446
Cost of sales-rendering of services	568	1,807	2,375
Total Cost of sales	1,014	1,807	2,821
Gross profit	36,540	1,807	34,733
Administration expenses			
– Other admin expenses	32	(32)	-
– Bank merchant fees and charges	1,775	(1,775)	-
Total administration expenses	12,995	(1,807)	11,188

This changed presentation has no effect on profit, the Consolidated Statement of Financial Position, or Consolidated Statement of Changes in Equity.

**NOTE 5: EARNINGS PER SHARE**

**Reconciliation of earnings used in calculating earnings per share**

	<b>Consolidated Group Half Year 2020 \$'000</b>	<b>2019 \$'000</b>
<b>Basic and diluted earnings per share</b>		
Profit from operations	13,161	14,395
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	13,161	14,395
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,447,527	62,312,828

	<b>Consolidated Group</b>	
	<b>Half Year</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Basic and diluted earnings per share</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,447,527	62,312,828
Adjustments for calculation of diluted earnings per share: — options	586,730	354,769
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>63,034,257</u>	<u>62,667,597</u>

## NOTE 6: CASH AND CASH EQUIVALENTS

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
(a) Total cash and cash equivalents		<u>61,999</u>	<u>72,259</u>
<i>Included in the above balance:</i>			
General account balances		50,642	61,278
Online lottery customer account balances	8	<u>11,357</u>	<u>10,981</u>
		<u>61,999</u>	<u>72,259</u>

Online lottery customer account balances being deposits and prize winnings reserved for payment to customers on demand.

At the review period end 31 December 2020, \$593,000 (30 June 2020: \$632,000) was held in trust for the payment of prizes and charity distributions relating to the Gatherwell business, and neither the cash nor the corresponding liability is recognised in the Statement of Financial Position.

	<b>Consolidated Group</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
(b) <b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit for the year after income tax	13,161	14,395
Non-cash flows		
Amortisation	3,993	2,122
Depreciation	64	73
Adoption of AASB 16 <i>Leases</i> as at 1 July 2009	-	546
Fair value on financial liabilities	87	(93)
Share option expense	416	297
Net foreign exchange effects-(gain)/loss	(34)	94



	<b>Consolidated Group</b>	
	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	(220)	(16)
Decrease/(Increase) in other receivables	436	(313)
Decrease/(Increase) in inventories	14	(4)
Decrease/(increase) in DTA	(74)	(4)
Increase/(decrease) in trade payables	(171)	(6,684)
Increase/(decrease) in other payables	1,525	1,490
Increase/(decrease) in other provisions	62	518
Increase/(decrease) in DTL	289	(3)
Increase/(decrease) in provision for income tax	(386)	547
Cash flow from operations	<u>19,162</u>	<u>11,869</u>

**NOTE 7: INTANGIBLE ASSETS**

A reconciliation of the written down values at the beginning and end of the period is set out below:

<b>Consolidated Group</b>	<b>Goodwill</b>	<b>Intellectual Property</b>	<b>Website Development</b>	<b>Customer Contracts and Relationships</b>	<b>Software</b>	<b>Domain Names</b>	<b>Tabcorp Extension Fee</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 30 June 2020	9,102	30	13,012	1,111	709	842	-	19	24,825
Additions through acquisition	-	-	-	-	-	2	15,000	-	15,002
Additions internally generated	-	-	3,364	-	-	-	-	-	3,364
Amortisation charge	-	-	(2,584)	(127)	(81)	-	(625)	(2)	(3,419)
Foreign exchange rate movement effects	(76)	-	24	(11)	(7)	-	-	-	(70)
Closing value at 31 December 2020	9,026	30	13,816	973	621	844	14,375	17	39,702

**Tabcorp Extension Fee**

An extension fee was payable when the 10-year Tabcorp Agreement was executed on 26 August 2020. The extension fee is capitalised as the Agreement will deliver future economic benefits and these benefits can be reliably measured.

The extension fee has a finite life and is amortised on a straight-line basis matched to the economic benefits over the useful life of the Agreement of 10 years.

## NOTE 8: TRADE AND OTHER PAYABLES

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>31 December 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
Total trade and other payables		20,414	19,060
<i>Included in the above balance:</i>			
Trade creditors and other payables		9,057	8,079
Customer funds payable	6	11,357	10,981
		20,414	19,060

## NOTE 9: ISSUED CAPITAL

	<b>Half Year 2020</b>		<b>Half Year 2019</b>	
	<b>Shares</b>	<b>\$'000</b>	<b>Shares</b>	<b>\$'000</b>
At the beginning of the reporting period	62,423,757	80,089	62,123,757	79,302
Shares issued during the year				
- Exercise of options	25,000	88	300,000	787
	62,448,757	80,177	62,423,757	80,089

## NOTE 10: DIVIDENDS

	<b>Consolidated Group Half Year</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>Ordinary shares</b>		
Dividends paid in cash during the financial year	10,616	13,410
	10,616	13,410

## NOTE 11: FAIR VALUE MEASUREMENTS

Financial assets at fair value through Other Comprehensive Income are recognised and measured at fair value on a recurring basis.

### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

### Recognised fair value measurements

The following table sets out the group's assets and liabilities that are measured and recognised at fair value in the financial statements

	Note	Consolidated Group	
		31 December	30 June
		2020 \$'000	2020 \$'000
Financial assets at FVOCI		-	-
Financial liabilities at FVTPL		1,649	3,338

		Consolidated Group	
		31 December	30 June
		2020 \$'000	2020 \$'000
Financial liabilities at fair value			
Opening balance		3,338	-
Additions		-	3,410
Change in contingent consideration at fair value		(1,806)	-
FX translation (gain)/loss through profit or loss		30	(248)
Fair value movement recognised in profit or loss		87	176
Closing balance		1,649	3,338

The Milestone 1 earnout at 30 June 2020 relating to the Gatherwell acquisition was reached during the half-year period and GBP1,000,000 (AUD1,806,000) paid from the funds held in the UK bank account resulting in a change in contingent consideration at fair value.

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying values due to their short-term nature or are receivable/payable on demand.

### NOTE 12: SEASONALITY AND IRREGULAR TRENDS

TTV in the internet lotteries segment for the half year periods comprising sales of lottery tickets are affected by the timing of the annual New Year's Eve Megadraw and the extent of jackpots of the various games during the period. The New Year's Eve Megadraw for the December 2020 half year occurred outside the reportable period (on 2 January 2021) compared to inside the December 2019 half year on 28 December 2019. There were 15 OZ Lotto/ Powerball jackpots of \$15 million or more (**large jackpots**) during the December 2020 half year period, with a peak \$50 million OZ Lotto jackpot in July 2020 and a peak \$80 million Powerball jackpot in July 2020, compared to the December 2019 half year period of 23 OZ Lotto/ Powerball large jackpots with a peak \$50 million OZ Lotto jackpot in October 2019 and a peak \$150 million Powerball jackpot in September 2019.

The TTV trend over the last three half year periods in the context of large jackpots is summarised as follows:

	HY Dec 2020	HY Jun 2020	HY Dec 2019
TTV – Internet Lotteries Australia	\$185.7 million	\$156.0 million	\$183.8 million
Reported Revenue – Internet Lotteries Australia	\$37.8 million	\$31.9 million	\$36.8 million
<b>OZ Lotto/ Powerball Division 1 of \$15 million or more</b>			
Number of jackpots of \$15 million or more	15	16	23
Average Division 1 jackpot of \$15 million or more	\$34.0 million	\$30.9 million	\$46.5 million
Peak Division 1 jackpot during the half year period	\$80 million	\$80 million	\$150 million

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**NOTE 13: EVENTS AFTER THE REPORTING PERIOD**

Apart from the interim dividend declared of 18.0 cents per ordinary share, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group in the half year subsequent to 31 December 2020.

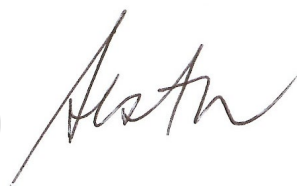
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## **DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



**Susan Forrester**

**Chair**

Brisbane



**Mike Veverka**

**Chief Executive Officer and Executive Director**

23 February 2021



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Jumbo Interactive Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Jumbo Interactive Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the directors for the financial report

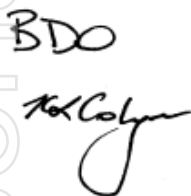
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



K L Colyer  
Director

Brisbane, 23 February 2021