



JUMBO INTERACTIVE LIMITED AND ITS CONTROLLED SUBSIDIARIES

(ABN 66 009 189 128)

APPENDIX 4D HALF-YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

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 2023 to 31 December 2023
Prior corresponding period (pcp)	1 July 2022 to 31 December 2022

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the period ended 31 December:

	Consolidated Group			
	Half Year		Change	Change
	2023	2022		
	\$'000	\$'000	\$'000	
Revenue from operations	73,884	62,389	Up 11,495	Up 18.4
Earnings before interest, tax, and depreciation and amortisation	35,221	30,165	Up 5,056	Up 16.8
Earnings before interest and tax	29,068	24,904	Up 4,164	Up 16.7
Profit after tax from operations attributable to members	20,154	17,186	Up 2,968	Up 17.3
Total comprehensive income for the period attributable to members	20,033	16,284	Up 3,749	Up 23.0
Profit after tax and before amortisation of acquired intangible assets	21,069	17,932	Up 3,137	Up 17.5

DIVIDENDS

A fully franked final dividend of 20.0¢ (twenty cents) per ordinary share for the financial year ended 30 June 2023 (2022: final 20.5¢) was paid on ordinary shares during the half year ended 31 December 2023.

A fully franked interim dividend of **27.0¢ (twenty seven cents) per share** (2023: interim 23.0¢) will be determined on ordinary shares as follows:

- Record date: 1 March 2024
- Payment date: 15 March 2024

NET TANGIBLE ASSETS¹

	Consolidated Group	
	Half Year	
	2023	2022
	Cents	Cents
Net Tangible Assets (NTA) per ordinary share	60.9	26.8

The increase in net tangible assets by 34.1¢ or 127% is mainly due to the significant increase in cash balance as at 31 December 2023 of \$19.8m versus 30 June 2023 reflecting some timing impacts as payments to The Lottery Corporation are a week in arrears.

¹ The current half-year and prior half-year net tangible asset backing per ordinary share balances include the value of leased assets as recognised under AASB 16 *Leases*.

CONTROL GAINED OVER ENTITIES

Not applicable.

LOSS OF CONTROL OVER ENTITIES

Not applicable.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not material.

REVIEW

The Interim Financial Report was subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

ATTACHMENTS

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated Interim Financial Report for the half year ended 31 December 2023. The Interim Financial Report of Jumbo Interactive Limited for the half year ended 31 December 2023 is attached. It should be read in conjunction with Jumbo's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), including the 1H24 Results Media Release and Investor Presentation.

SIGNED



Susan Forrester
Chair

Brisbane
23 February 2024



Mike Veverka
Chief Executive Officer and Executive Director

Jumbo Interactive Limited

ABN 66 009 189 128

Interim Financial Report – 31 December 2023

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DIRECTORS' REPORT

The Directors of Jumbo Interactive Limited (the **Company**) present their report on the consolidated entity (**Group**), consisting of Jumbo Interactive Limited and the entities it controlled at the end of, and during, the half year ended 31 December 2023.

DIRECTORS

The following persons were Directors of the Company during the whole of the half year and up to the date of this Interim Financial Report:

- Susan Forrester AM (Non-executive Director and Chair of the Board)
- Mike Veverka (Chief Executive Officer and Executive Director)
- Sharon Christensen (Non-executive Director)
- Giovanni Rizzo (Non-executive Director)

COMPANY SECRETARY

Graeme Blackett of Company Matters Pty Ltd held the position of Company Secretary at the end of the half year and at the date of this report.

PRINCIPAL ACTIVITIES

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

- Lottery Retailing which services Business-to-Consumer (**B2C**);
- Software-as-a-Service which services Business-to-Business (**B2B**) and Business-to-Government (**B2G**); and
- Managed Services which services **B2B**.

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

Lottery Retailing

Sale of Australian national lottery and charity lottery tickets online and on 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 Businesses, Charities and Governments (B2B/B2G) in the lottery market in Australia and the United Kingdom.

Managed Services

Provision of lottery related services for authorised Businesses and Charities (**B2B**) in the lottery market on a domestic and international basis. Services include technology, 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. The Financial Review forms part of the Directors' Report.

FUTURE DEVELOPMENTS

In the opinion of the Directors, there are no matters or circumstances which have arisen between 31 December 2023 and the date of this Interim Financial Report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

ROUNDING OF AMOUNTS

The Group is an entity to which *ASIC Corporations (Rounding in Financial / Directors' Reports Instrument 2016/191* (as amended by *ASIC Corporations (Amendment) Instrument 2022/519*) (**Instrument**) applies, relating to the 'rounding off' of amounts in the Directors' Report and Interim Financial Report. Amounts in the Directors' Report and Interim Financial Report have been rounded off to the nearest thousand dollars in accordance with the Instrument.

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 Interim Financial Report is made in accordance with a resolution of Directors.



Susan Forrester
Chair

Brisbane
23 February 2024



Mike Veverka
Chief Executive Officer and Executive Director



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Jumbo Interactive Limited

As lead auditor for the review of the half-year financial report of Jumbo Interactive Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene 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 financial period.

Ernst & Young

Susie Kuo
Partner
23 February 2024

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FINANCIAL REVIEW

The Group is a dedicated digital lottery software and services business, providing its proprietary lottery software platforms and lottery management expertise to the charity and government lottery sectors in Australia and globally.

We are dedicated to developing and operating the world's best lottery experiences.

Our vision is to 'create positive social impact through making lotteries easier' which relies on:

- A world-class lottery approach to technology and software;
- Our lottery management expertise developed over 20 years; and
- Adopting a leadership position around governance and player protection.

Our strategy is to grow the business by (1) maximising the potential of our existing business and product portfolio, (2) replicating best-practice operations and build for global scale, and (3) diversifying our portfolio to unlock incremental Total Addressable Market (**TAM**) opportunities.

EXPLANATION OF RESULTS

We report revenue on a net revenue inflow basis when we are acting as an agent 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 we act as a licensor of our software platform, the gross amount of third-party lottery ticket sales transacted through our software platform is advised as third-party Total Transaction Value (**TTV – 'Third-party'**). Revenue is generated mainly as a percentage of TTV.

The Lottery Retailing segment continues to be the largest contributor to Group revenue and profits at present. Despite a decline in national lottery turnover, due to a strong comparative period which included the \$160 million Powerball, revenue increased mainly due to pricing and portfolio changes implemented in May 2023. Gross profit however was impacted by the 1% step-up in the service fee payable to The Lottery Corporation (**TLC**). SaaS segment TTV increased 16.0%, with external revenue up 14.4%, impacted by a slightly lower revenue margin mainly due to a lower service fee on Lotterywest and Mater gross ticket sales, in line with the extension of the SaaS agreements. The Managed Services segment includes Gatherwell and StarVale in the UK, Stride in Canada, and Jumbo Fundraising in Australia. The StarVale acquisition completed on 1 November 2022, and therefore only contributed two months of performance in 1H23. Excluding the contribution from StarVale, Managed Services segment TTV and revenue were up 31.0% and 10.8% respectively.

The operating environment continues to be impacted by relatively high inflation and uncertainty around the interest rate outlook. Lotteries have delivered consistent growth over the long term and have proven to be highly resilient to economic downturns and cycles. The change in consumer behaviour arising from the COVID-19 pandemic had a positive impact on digital penetration, increasing approximately 10ppts from 28.0% (FY20) to 37.7% (FY22). As at 1H24, digital penetration was 39.6% (1H23: 38.4%; FY23: 38.4%).

While labour market conditions and wage pressures have eased since the COVID-19 pandemic, the demand for digital expertise is expected to remain high and we remain committed to being a sought-after employer for top digital talent.

The financial position of the Group is sound with strong liquidity. As at 31 December 2023, the Group had general cash reserves of \$60,502,000 underpinned by strong organic cash generation. At the time of publishing this report, the Group also had access to an additional \$45,500,000 of undrawn debt facilities.

We continue to invest in the three main pillars that support the ongoing growth of the Group as follows:

- \$3,058,000 (1H23: \$3,364,000) invested in the proprietary software platform (intangible assets);
- \$3,772,000 (1H23: \$4,288,000) invested in marketing activities primarily to acquire new and retain existing customers; and
- \$13,015,000 (1H23: \$11,520,000) invested in employees who provide the software development and marketing skills, customer support services, and management.

CONSOLIDATED H1 FY2024 FINANCIAL PERFORMANCE IN REVIEW

Result Highlights (Statutory and underlying operations)

The Group has included TTV; statutory EBITDA, EBIT, NPAT, and NPATA; underlying EBITDA, EBIT, NPAT, and NPATA. These measures are not defined under International Financial Reporting Standards (**IFRS**) and are, therefore, termed "non-IFRS" measures and are not subject to audit procedures.

TTV is defined as Total Transaction Value received by the Group for the sale of goods and rendering of services, i.e. the gross amount received.

Statutory EBIT is defined as Group earnings before net interest and tax, while statutory EBITDA is Group earnings before net interest, tax, and depreciation and amortisation. Statutory NPAT is net profit after tax, while statutory NPATA is net profit after tax and before amortisation of acquired intangible assets.

Underlying EBITDA, EBIT, NPAT and NPATA are defined as statutory EBITDA, EBIT, NPAT, and NPATA adjusted for significant non-recurring items, and are provided as useful indicators of the Group's operating financial performance on a comparable basis. Underlying earnings is the primary reporting measure used by management and the Group's chief operating decision maker (the Chief Executive Officer) for the purposes of managing and assessing the financial performance of the business.

\$'000	HY Dec 2023	HY Dec 2022	Change %
TTV⁴	484,482	417,045	16.2
- Group	245,752	253,259	(3.0)
- Third party	238,730	163,786	45.8
Revenue	73,884	62,389	18.4
Revenue margin (%)	15.3%	15.0%	(0.3pps)
EBITDA – statutory⁴	35,221	30,165	16.8
EBIT – statutory ⁴	29,068	24,904	16.7
NPAT – statutory ⁴	20,154	17,186	17.3
NPATA¹ – statutory⁴	21,069	17,932	17.5
Earnings per share ⁴ (cps)	32.0¢	27.3¢	17.2
Earnings per share before amortisation of intangible assets – statutory ⁴	33.5¢	28.5¢	17.5
Add/(deduct) significant items ²			
- Investment disposal costs	-	32	-
- Acquisition costs	410 ³	154	>100
- Retention payments	109 ³	-	>100
- Other	(592) ³	89	>100
- Tax benefit	(188)	(35)	>100
EBITDA – underlying⁴	35,148	30,440	15.5
EBIT – underlying ⁴	28,995	25,179	15.2
NPAT – underlying ⁴	19,893	17,426	14.2
NPATA¹ – underlying⁴	20,808	18,172	14.5
Earnings per share – underlying ⁴	31.6¢	27.7¢	14.1
Earnings per share before amortisation of intangible assets – underlying ⁴	33.1¢	28.9¢	14.5

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\$'000	HY Dec 2023	HY Dec 2022	Change %
Interim dividend declared (cps)	27.0¢	23.0¢	17.4
Return on capital employed (%)	18.8%	17.8%	(1.0pps)
EBITDA margin - underlying (%)	47.6%	48.8%	(1.2pps)
EBIT margin – underlying (%)	39.2%	40.4%	(1.2pps)

¹ NPATA is net profit after tax and before tax-effect amortisation expenses in respect of intangible assets acquired through a Business Combination which for the half year is \$915,000 (1H23: \$746,000).

² Statutory earnings are adjusted by significant non-recurring items to get to underlying earnings.

³ The acquisition costs reflect one-off consulting & legal expenses. Retention payments were for key Stride management following finalisation of the earnout following the period ended 30 June 2023. Other includes a fair value gain of \$725,000 on financial liabilities primarily relating to the finalisation of the Stride earnout, which was below the required earnings hurdle, and one-off costs of \$133,000 associated with an uplift in the internal control environment in Group Finance.

⁴ These are non-IFRS measures and not reviewed.

Major items impacting performance

- Lottery Retailing – pursuant to the Reseller Agreements with TLC dated 25 August 2020, a 'stepped-up' service fee is payable on 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.
- Lottery Retailing - ongoing intersegment software management fee of 7.5% of relevant TTV payable to the SaaS segment for the development, improvement and maintenance of the proprietary lottery software platform and provision of data information and analysis using technology such as Artificial Intelligence (AI) and machine learning.
- Managed Services – the pcp includes a full six months contribution from Stride (acquired 1 June 2022) and two months from StarVale (acquired 1 November 2022).

Consolidated results of operations

- In 1H24 StarVale contributed \$67,628,000 (1H23: \$22,057,000) in TTV, \$6,427,000 (1H23: \$1,969,000) in revenue and \$2,111,000 (1H23: \$716,000) in EBTIDA.
- Excluding the contribution from StarVale:
 - TTV increased 5.5%
 - Revenue increased 11.6%
 - Underlying EBITDA increased 11.1%

The Group's financial performance is presented in the profit and loss summarised below.

	Half Year			
	Dec 2023	Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV	484,482	417,045	67,437	16.2
Revenue	73,884	62,389	11,495	18.4
Cost of sales	(12,682)	(9,853)	(2,829)	28.7
Gross profit	61,202	52,536	8,666	16.5
Other revenue	205	173	32	18.5
Operating expenses	(26,186)	(22,544)	(3,642)	16.2
EBITDA¹	35,221	30,165	5,056	16.8
Depreciation and amortisation	(4,517)	(4,317)	(200)	4.6
EBITA ¹	30,704	25,848	4,856	18.8
Amortisation of acquired intangible assets	(1,636)	(944)	(692)	73.3
EBIT ¹	29,068	24,904	4,164	16.7
Net interest revenue	205	23	182	>100

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	Half Year			
	Dec 2023	Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
NPBT	29,273	24,927	4,346	17.4
Income tax expense	(9,119)	(7,741)	(1,378)	17.8
NPAT	20,154	17,186	2,968	17.3
Amortisation of acquired intangible assets after tax	915	746	169	22.7
NPATA¹	21,069	17,932	3,137	17.5

¹ These are non-IFRS measures and not reviewed.

Review of Operations

(a) Lottery Retailing

The Group's Lottery Retailing segment operates the www.ozlotteries.com website and sells tickets in Australian national draw lottery games to customers in all Australian states and territories (excluding Queensland and Western Australia) and in certain overseas jurisdictions, under 10-year agreements with TLC which run until 26 August 2030. The segment 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.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Group	245,752	253,259	(7,507)	(-3.0)
Revenue	55,868	50,103	5,765	11.5
Gross profit	26,705	21,976	4,729	21.5
Operating expenses	(6,215)	(6,655)	440	(6.6)
EBITDA	20,490	15,321	5,169	33.7
Revenue/TTV	22.7%	19.8%		2.9pps
Gross profit/Revenue	47.8%	43.9%		3.9pps
Opex/Revenue	11.1%	13.3%		(2.2pps)
EBITDA/Revenue	36.7%	30.6%		6.1pps

TTV decreased 3.0% compared to the pcp, due to the strong comparative period which included the \$160 million Powerball in October 2022. Revenue increased 11.5% reflecting the benefit of pricing and portfolio changes implemented in May 2022. Gross profit was impacted by the step-up in the service fee paid to TLC from 3.5% to 4.65% of the subscription ticket costs. EBITDA increased 33.7% reflecting the above factors and lower marketing spend which was impacted by the profile of large jackpots. Marketing costs of \$3,356,000 (1H23: \$3,894,000) were equivalent to 1.4% of TTV (1H23: 1.5%). After marketing costs the single largest expense relates to employee expenses of \$1,702,000 (1H23: \$1,694,000) in respect of 18 staff (1H23: 17 staff), of which the majority include operations and customer support staff.

TTV \$'000	HY Dec 2023		HY Dec 2022		Change
Lotteries	239,971	97.6%	249,148	98.4%	Down 9,177 or (3.7%)
Charities	5,781	2.4%	4,111	1.6%	Up 1,670 or 40.6%
Total TTV	245,752	100.0%	253,259	100.0%	Down 7,507 or (3.0%)

TTV generated from charities were equivalent to 2.4% of total Lottery Retailing. The increase compared to the pcp was due to our strong focus on this channel and launch of new products.

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 in the following table¹:

	HY Dec 2023	HY Jun 2023	HY Dec 2022
TTV – Lottery retailing ¹	\$245.8 million	\$195.8 million	\$253.3 million
Revenue – Lottery retailing	\$55.9 million	\$41.2 million	\$50.1 million
OZ Lotto/ Powerball Division 1 of \$15 million or more			
Number of jackpots of \$15 million or more ¹	28	19	23
Average Division 1 jackpot of \$15 million or more ¹	\$35.7 million	\$31.1 million	\$41.7 million
Peak Division 1 jackpot during the half year period ¹	\$100 million	\$100 million	\$160 million
Aggregate Division 1 jackpots on offer during the half year period ¹	\$1,000 million	\$590 million	\$960 million

¹These are non-IFRS measures.

The Group invests extensively in online marketing to grow and activate the customer database that transacts via its website (www.ozlotteries.com) and associated mobile apps (iOS & Android). An amount of \$3,356,000 (1H23: \$3,894,000) was invested in marketing activities during the period primarily to acquire new and engage existing customers. These costs were fully expensed through the profit and loss.

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 summarises the Marketing KPIs:

<u>www.ozlotteries.com</u> and mobile apps	HY Dec 2023	HY Dec 2022
Number of new online accounts (6-month period)	167,657	198,751
CPL (6-month period)	\$16.77	\$17.85
Number of active online customers (12-month period)	887,182	983,831
Average spend per active online customer (12-month period)	\$480.63	\$463.20

The decline in new and active players was a function of the large jackpot environment and the strong comparative period which benefitted from the \$160 million Powerball.

The underlying business remains strong as evidenced by an increase in TTV and Revenue and the Oz Lotteries Moving Annual Total (**MAT**)¹ TTV by fiscal quarter as detailed in the chart below:

Oz Lotteries Moving Annual Total (MAT)¹ TTV – by Fiscal Quarter



¹ Excludes contribution from Western Australia customers transitioned to SaaS (effective 21 December 2020)

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

The SaaS segment licenses the Jumbo lottery software platform, Powered by Jumbo (PBJ) to several customers, including to ozlotteries.com, and develops, improves, and maintains the Jumbo proprietary platform.

Software licence fees range between ~3.0% and ~9.0% of ticket sales (TTV – Third-party) 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 developed for this internal customer over many years at a significant investment compared to other customers who receive an adapted version of PBJ at a lower development cost and (ii) the internal customer has a significantly higher usage of other services such as data analytics and marketing tools. The level of this fee falls within the arm's length upper/lower interquartile range based on international benchmarking undertaken by an independent third party in October 2021.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	112,730	97,185	15,545	16.0
Revenue	23,332	23,250	82	0.4
– external	4,962	4,336	626	14.4
– internal	18,370	18,914	(544)	(2.9)
Gross profit	23,179	23,109	70	0.3
Operating expenses	(9,070)	(7,362)	(1,708)	23.2
EBITDA	14,109	15,747	(1,638)	(10.4)
Revenue/TTV– external	4.40%	4.5%		(0.1pps)
Gross profit/Revenue	99.3%	99.4%		(0.1pps)
Opex/Revenue	38.9%	31.7%		7.2pps
EBITDA/Revenue	60.5%	67.7%		(7.2pps)

TTV and external revenue increased 16.0% and 14.4% respectively. External revenue grew at a slower pace than TTV due to a contraction in the revenue margin. The lower revenue margin reflects the revised license fee structure under the extended Mater and Lotterywest SaaS agreements. Overall revenue was also impacted by a lower intersegment fee from Lottery Retailing, as a result of the contraction in TTV on the pcp.

Employee benefits is the single largest expense at \$5,893,000 (1H23: \$5,246,000) with 81 staff (1H23: 81 staff) in this segment. The increase in employee benefits costs of \$647,000 mainly reflects the continued tight labour market for experienced software engineers, growth and digital marketing staff. In addition, technology costs increased \$632,000 due to increased investment in data management and analytics tools.

The contraction in EBITDA margin to revenue of 60.5% (1H23: 67.7%) was impacted by the lower intersegment fee from Lottery Retailing and higher operating expenses.

(c) Managed Services

The Group'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 proprietary-owned lottery software platforms to licensed charities in Australia, Canada and the UK. The segment includes Gatherwell Ltd (**Gatherwell**) and StarVale Group of companies (**StarVale**) as External Lottery Managers (**ELM**) in the UK, Stride Management Corp. (**Stride**) as an ELM for charity lotteries in Canada, and Jumbo Fundraising (**JF**) in Australia.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	126,000	66,601	59,399	89.2
Revenue	13,054	7,950	5,104	64.2
Gross profit	11,318	7,451	3,867	51.9
Operating expenses	(8,162)	(4,787)	(3,375)	70.5
EBITDA	3,156	2,664	492	18.5
<i>Revenue/TTV</i>	<i>10.4%</i>	<i>11.9%</i>		<i>(1.5pps)</i>
<i>Gross profit/Revenue</i>	<i>86.7%</i>	<i>93.7%</i>		<i>(7.0pps)</i>
<i>Opex/Revenue</i>	<i>62.5%</i>	<i>60.2%</i>		<i>2.3pps</i>
<i>EBITDA/Revenue</i>	<i>24.2%</i>	<i>33.5%</i>		<i>(9.3pps)</i>

Gatherwell

The Gatherwell business in the UK operates as an External Lottery Manager (**ELM**) with 13 staff (1H23: 17) and provides lottery manager services to over 14,000 causes. It also provides some support functions (mainly customer support) for the SaaS segment in the UK.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	12,334	10,428	1,906	18.3
Revenue	2,279	2,036	243	11.9
Gross profit	2,050	1,817	233	12.8
Operating expenses	(1,472)	(1,394)	(78)	5.6
EBITDA	578	423	155	36.6

Following a decline in TTV and Revenue in FY23, Gatherwell returned to growth in 1H24 with TTV and Revenue growth of 18.3% and 11.9% respectively on the pcp. Disciplined cost control combined with double digit revenue growth led to an improvement in the EBITDA margin to 25.4% (1H23:20.8%).

Stride

The Stride business in Canada operates as a Project Manager with 29 full-time staff (with an additional ~50 rostered casual call centre staff as required) (1H23: 24 staff) and provides services, including lottery operations, ticket fulfilment and marketing, to charity lotteries in Alberta and Saskatchewan. Stride expanded into British Columbia with its first customer, lakelifelottery.ca, in August 2022 and recently received regulatory approval to operate in Ontario, the largest province/territory in Canada.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	45,472	33,721	11,751	34.8
Revenue	4,246	3,898	348	8.9
Gross profit	2,762	3,623	(861)	(23.8)
Opex	(2,266)	(2,056)	(210)	10.2
EBITDA	496	1,567	(1,071)	(68.3)

Despite solid revenue growth, Stride's EBITDA was significantly below the pcp. The main drivers of the shortfall relate to a \$620,000 media expense accrual (in cost of sales) that relates to the FY23 period, and approximately \$280,000 in higher audit, compliance and software development costs.

StarVale

StarVale was acquired 1 November 2022 yielding only two months of financial results in 1H23. StarVale operates in the UK as an ELM with a staff of 76 staff (1H23: 64 staff) and provides lottery management services to ~45 medium to large charities.

	HY Dec 2023	HY Dec 2022	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	67,628	22,057	45,571	206.6
Revenue	6,427	1,969	4,458	226.4
Gross profit	6,427	1,969	4,458	226.4
Opex	(4,316)	(1,253)	(3,063)	244.5
EBITDA	2,111	716	1,395	194.8

Jumbo Fundraising

Jumbo Fundraising provides a comprehensive lottery management service that includes technology, 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 segment to form a complete 'lottery-in-a-box' service to charities of all sizes. Sales are further marketed through the ozlotteries.com website in the Lottery Retailing segment.

JF contributed TTV \$566,000 (1H23: \$395,000), Revenue \$102,000 (1H23: \$47,000) and EBITDA (\$29,000) (1H23: (\$42,000)) in the half year. In FY23, as part of ongoing cost discipline, management decided to reduce its focus on JF in the short term and prioritise the integration of its overseas acquisitions.

(d) Other items (Corporate)

Other items are corporate expenses including costs in respect of the Directors, Chief Executive Officer, Chief Financial Officer, corporate advertising, promotion and marketing, corporate investment costs and finance, tax, audit, risk, governance, and strategic project costs.

\$'000s	HY Dec 2023	HY Dec 2022	Change %
Operating expenses	(3,464)	(3,651)	(5.1)
Fair value movement on financial liabilities	725	(89)	>100
	<u>(2,739)</u>	<u>(3,740)</u>	<u>(26.8)</u>

The \$187,000 decrease in operating expenses are mainly due to (i) decrease in share-based payments of \$378,000 largely due to termination of the LTI's where hurdles were not met and release of previously accrued expenses in share-based payments reserves for forfeited rights (ii) decrease in consultancy and legal expenses by \$111,000 due and (iii) \$325,000 increase in other corporate expenses with a higher provision for Group audit fees.

The fair value movement on financial liabilities of \$814,000 is mainly due to the release of \$714,000 of earnout payment for the Stride acquisition following the period ended 30 June 2023.

(e) Reconciliation of statutory EBITDA

	HY Dec 2023	HY Dec 2022
	\$'000	\$'000
Lottery Retailing EBITDA	20,490	15,321
SaaS EBITDA	14,109	15,747
Managed Services EBITDA	3,156	2,664
Other items (refer to item (d) above)	(2,739)	(3,740)
Other revenue – Group	205	173
Group EBITDA	<u>35,221</u>	<u>30,165</u>

CHANGES IN FINANCIAL POSITION

Changes in the financial position of the Group for the financial half year were as follows:

	31 Dec 2023
	\$'000
(a) Increase in cash of \$19,699,000 (before foreign exchange differences of \$92,000) resulting from:	
	\$'000
➤ Cash paid for on-market buy back of shares	(576)
➤ Cash paid for on-market purchase of shares for NED rights converted	(44)
➤ Proceeds of insurance financing facility (net of repayments)	1,876
➤ Dividends paid (see Statement of Cash Flows for details)	(12,580)
➤ Cash generated by operating activities (see Statement of Cash Flows for details)	34,871
➤ Cash used in other investing activities (see Statement of Cash Flows for details)	(3,169)
➤ Payment of lease liabilities in financing activities (see Statement of Cash Flows for details)	(679)
	<u>19,699</u>
(b) Decrease in non-current assets of \$3,073,000 resulting from:	
	\$'000
➤ Amortisation of customer contracts & relationships	(1,369)
➤ Amortisation of software and other intangible assets	(267)
➤ Investment in website development costs net of amortisation	31
➤ Foreign exchange impact of intangible assets acquired	(169)
➤ Amortisation of right of use assets	(627)
➤ Changes in other non-current assets	(672)
	<u>(3,073)</u>
(c) Increase in current liabilities of \$13,644,000 resulting from:	
	\$'000
➤ Trade and other payables – timing of weekly payment for ticket purchases payable in arrears	11,466
➤ Proceeds of insurance financing facility (net of repayments)	1,876
➤ Contingent consideration at fair value	(768)
➤ Current tax liability	1,188
➤ Other liabilities – see Statement of Financial Position	(118)
	<u>13,644</u>
(d) Decrease in non-current liabilities of \$1,993,000 resulting from:	
	\$'000
➤ Lease liabilities	(735)
➤ Deferred tax liabilities	(1,270)
➤ Changes in other non-current liabilities – see Statement of Financial Position	12
	<u>(1,993)</u>

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2023

		Half Year	
	Note	2023 \$'000	2022 \$'000
Revenue	3	73,884	62,389
Cost of sales	4	(12,682)	(9,853)
Gross profit		61,202	52,536
Other income	3	558	368
Expenses			
Distribution expenses		(1)	(13)
Marketing costs		(3,772)	(4,288)
Occupancy expenses	4	(251)	(141)
Administrative expenses	4	(28,949)	(23,113)
Finance costs	4	(239)	(333)
Fair value movement on financial liabilities		725	(89)
Profit before income tax expense		29,273	24,927
Income tax expense		(9,119)	(7,741)
Profit after income tax expense for the half year attributable to the owners of Jumbo Interactive Limited		20,154	17,186
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(121)	(902)
Other comprehensive income for the half year, net of tax		(121)	(902)
Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited		20,033	16,284
Earnings per share (cents per share)		Cents	Cents
From operations			
Basic earnings per share	5	32.0	27.3
Diluted earnings per share	5	31.9	27.2

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 \$'000	30 June 2023 ¹ \$'000
Current Assets			
Cash and cash equivalents	6	72,981	53,190
Trade and other receivables		10,326	8,036
Inventories		25	29
Other current assets		8,397	8,431
Total current assets		<u>91,729</u>	<u>69,676</u>
Non-current assets			
Property, plant and equipment		518	506
Intangible assets	7	68,954	70,792
Right-of-use assets		2,833	3,320
Deferred tax assets		1,889	1,899
Other non-current assets		9,875	10,625
Total non-current assets		<u>84,069</u>	<u>87,142</u>
Total assets		<u>175,798</u>	<u>156,818</u>
Current liabilities			
Trade and other payables	8	41,588	30,122
Borrowings	10	1,876	-
Current tax liabilities		3,787	2,599
Employee benefit obligations		912	1,078
Lease liabilities		1,403	1,355
Contingent consideration at fair value	12	7,623	8,391
Total current liabilities		<u>57,189</u>	<u>43,545</u>
Non-current liabilities			
Employee benefit obligations		565	553
Lease liabilities		1,756	2,491
Deferred tax liabilities		8,970	10,240
Total non-current liabilities		<u>11,291</u>	<u>13,284</u>
Total liabilities		<u>68,480</u>	<u>56,829</u>
Net assets		<u>107,318</u>	<u>99,989</u>
Equity			
Contributed equity	9	79,231	79,807
Profits appropriation reserve		21,353	13,779
Other reserves		6,734	6,403
Total equity		<u>107,318</u>	<u>99,989</u>

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

¹ 30 June 2023 balances have been restated for the finalisation of the StarVale acquisition. Refer to Note 13 for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2023

	Contributed equity \$'000	Profits appropriation reserve \$'000	Share- based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets reserve \$'000	Total equity \$'000
CONSOLIDATED GROUP						
Balance at 1 July 2022	81,390	9,610	5,566	(1,281)	(2,302)	92,983
Total comprehensive income for the half year						
Profit for the half year	-	17,186	-	-	-	17,186
Other comprehensive income	-	-	-	(902)	-	(902)
Total comprehensive income for the half year	-	17,186	-	(902)	-	16,284
Transactions with owners in their capacity as owners						
Issue of shares	1,050	-	(38)	-	-	1,012
Share buy-back	(1,915)	-	-	-	-	(1,915)
Dividends paid	-	(12,930)	-	-	-	(12,930)
Share-based payments	-	-	874	-	-	874
	(865)	(12,930)	836	-	-	(12,959)
Balance at 31 December 2022	80,525	13,866	6,402	(2,183)	(2,302)	96,308
Total comprehensive income for the half year						
Profit for the half year	-	14,383	-	-	-	14,383
Other comprehensive income	-	-	-	4,224	-	4,224
Total comprehensive income for the half year	-	14,383	-	4,224	-	18,607
Transactions with owners in their capacity as owners						
Issue of shares	-	-	-	-	-	-
Share buy-back	(718)	-	-	-	-	(718)
Dividends paid	-	(14,470)	-	-	-	(14,470)
Share-based payments	-	-	262	-	-	262
	(718)	(14,470)	262	-	-	(14,926)
Balance at 30 June 2023	79,807	13,779	6,664	2,041	(2,302)	99,989

	Contributed equity \$'000	Profits appropriation reserve \$'000	Share- based payments reserve \$'000	Foreign currency translation reserve \$'000	Financial assets reserve \$'000	Total equity \$'000
CONSOLIDATED GROUP						
Balance at 1 July 2023	79,807	13,779	6,664	2,041	(2,302)	99,989
Total comprehensive income for the half year						
Profit for the half year	-	20,154	-	-	-	20,154
Other comprehensive income	-	-	-	(121)	-	(121)
Total comprehensive income for the half year	-	20,154	-	(121)	-	20,033
Transactions with owners in their capacity as owners						
Issue of shares	-	-	(44)	-	-	(44)
Share buy-back	(576)	-	-	-	-	(576)
Dividends paid	-	(12,580)	-	-	-	(12,580)
Share-based payments	-	-	496	-	-	496
	(576)	(12,580)	452	-	-	(12,704)
Balance at 31 December 2023	79,231	21,353	7,116	1,920	(2,302)	107,318

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2023

	Note	Half Year	
		2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		82,254	69,376
Payments to suppliers and employees		(38,343)	(32,261)
Interest received		353	194
Interest and other costs of finance paid		(239)	(333)
Income tax paid		(9,154)	(7,867)
Net cash generated by operating activities	6(b)	<u>34,871</u>	<u>29,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(95)	(82)
Payments for intangibles	7	(3,074)	(3,364)
Purchase of subsidiary net of cash acquired		-	(20,041)
Payment for deposit for contingent consideration		-	(7,930)
Payment of contingent consideration		-	(1,890)
Net cash used in investing activities		<u>(3,169)</u>	<u>(33,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(679)	(435)
Cash paid for on-market purchase of shares	9	(576)	(1,915)
Cash paid for on-market purchase of shares for NEDs		(44)	-
Proceeds from issue of shares	9	-	1,050
Proceeds from borrowings	10	2,084	15,000
Repayment of borrowings		(208)	-
Dividends paid	11	(12,580)	(12,930)
Net cash (used in)/generated from financing activities		<u>(12,003)</u>	<u>770</u>
Net increase/(decrease) in cash and cash equivalents		19,699	(3,428)
Net foreign exchange differences		92	3
Cash and cash equivalents at beginning of half year		<u>53,190</u>	<u>68,930</u>
Cash and cash equivalents at end of half year	6(a)	<u>72,981</u>	<u>65,505</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2023

NOTE 1: BASIS FOR PREPARATION OF HALF YEAR REPORT

These general-purpose financial statements for the half year reporting period ended 31 December 2023 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 2023 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 2023 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.

Customer Contracts and Relationships Costs

Customer contracts acquired as part of a business combination are recognised separately from goodwill and are carried at their fair value at date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 5 years to 10 years.

TLC Extension Fee

An extension fee was payable when the Group signed the 10-year Reseller Agreements with TLC on 26 August 2020. The extension fee is capitalised as the Reseller Agreements 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 Reseller Agreements of 10 years.

NOTE 2: SEGMENT REPORTING

The Group 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. Comparatives for December 2022 are stated on this basis.

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 Australian lottery market.

Managed Services

Provision of lottery related services for authorised Businesses and Charities (**B2B**) in the lottery market on a domestic and international basis. Services include technology, prize procurement, lottery game design, campaign marketing, and customer relationship and draw management. The segment includes Gatherwell and StarVale as ELMs in the UK, Stride as an ELM for charity lotteries in Canada, and JF in Australia.

Intersegment eliminations

The SaaS segment licences the lottery software platform to the Lottery Retailing segment at 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 corporate office, corporate advertising, promotion and marketing, corporate investment and finance, tax, audit, risk, governance, and strategic projects.

(b) Segment information

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

Half year ended 31 December 2023	Lottery Retailing	SaaS	Managed Services	Intersegment eliminations	Total
	\$'000	\$'000	\$'000	\$'000s	\$'000
TTV¹	245,752	112,730	126,000	-	484,482
– Group	245,752	-	-	-	245,752
– Third-party	-	112,730	126,000	-	238,730
Total segment sales revenue from external customers	55,868	4,962	13,054	-	73,884
Intersegment sales revenue	-	18,370	-	(18,370)	-
Total segment sales revenue	55,868	23,332	13,054	(18,370)	73,884
Cost of sales	(29,163)	(153)	(1,736)	18,370	(12,682)
Gross profit	26,705	23,179	11,318	-	61,202
Finance costs	-	-	-	-	-
Employee benefits expense	(1,702)	(5,893)	(4,238)	-	(11,833)
Consultancy and legal expenses	(12)	(149)	(188)	-	(349)
Marketing expenses	(3,356)	(257)	(134)	-	(3,747)
Corporate expenses	-	(2)	(131)	-	(133)
Technology expenses	(109)	(1,362)	(483)	-	(1,954)
Office expenses	(96)	(215)	(219)	-	(530)
Other expenses	(940)	(1,192)	(2,769)	-	(4,901)
Operating expenses	(6,215)	(9,070)	(8,162)	-	(23,447)
EBITDA¹	20,490	14,109	3,156	-	37,755

¹ These are non-IFRS measures and not reviewed, and the details and reconciliation are included in the Financial Review.

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Half year ended 31 December 2023

Reconciliation to Statutory Consolidated results	\$'000
Total segment revenue	73,884
Consolidated Revenue (see note 3)	73,884
Total segment EBITDA	37,755
<i>Other reconciling items (Corporate)</i>	
Finance costs	(91)
Employee benefits expense	(686)
Share-based payments	(496)
Directors remuneration	(245)
Consultancy and legal expenses	(654)
Marketing expenses	(25)
Corporate expenses	(379)
Technology expenses	(32)
Office expenses	(10)
Other expenses	(846)
Fair value movement on financial liabilities	725
Consolidated operating profit	35,016
Other revenue	205
Consolidated EBITDA¹	35,221
Depreciation and amortisation	(6,153)
Consolidated EBIT ¹	29,068
Net interest – revenue	205
Consolidated Net profit before tax	29,273
Income tax expense	(9,119)
Consolidated Net profit after tax (see Profit or Loss)	20,154

¹ These are non-IFRS measures and not reviewed and are reconciled to Net profit before tax in this table.

Half year ended 31 December 2022	Lottery Retailing	SaaS	Managed Services	Intersegment eliminations	Total
	\$'000	\$'000	\$'000	\$'000s	\$'000
TTV¹	253,259	97,185	66,601	-	417,045
– Group	253,259	-	-	-	253,259
– Third-party	-	97,185	66,601	-	163,786
Total segment sales revenue from external customers	50,103	4,336	7,950	-	62,389
Intersegment sales revenue	-	18,914	-	(18,914)	-
Total segment sales revenue	50,103	23,250	7,950	(18,914)	62,389
Cost of sales	(28,127)	(141)	(499)	18,914	(9,853)
Gross profit	21,976	23,109	7,451	-	52,536
Finance costs	-	-	-	-	-
Employee benefits expense	(1,694)	(5,246)	(3,054)	-	(9,994)
Consultancy and legal expenses	(18)	(76)	(26)	-	(120)
Marketing expenses	(3,894)	(131)	(194)	-	(4,219)
Corporate expenses	(2)	(1)	(41)	-	(44)
Technology expenses	(105)	(730)	(320)	-	(1,155)
Office expenses	(68)	(120)	(160)	-	(348)
Other expenses	(874)	(1,058)	(992)	-	(2,924)
Operating expenses	(6,655)	(7,362)	(4,787)	-	(18,804)
EBITDA¹	15,321	15,747	2,664	-	33,732

¹ These are non-IFRS measures and not reviewed, and the details and reconciliation are included in the Financial Review.

Half year ended 31 December 2022

Reconciliation to Statutory Consolidated results	\$'000
Total segment revenue	62,289
Consolidated Revenue (see note 3)	62,389
Total segment EBITDA	33,732
<i>Other reconciling items (Corporate)</i>	
Finance costs	(161)
Employee benefits expense	(651)
Share-based payments	(874)
Directors remuneration	(242)
Consultancy and legal expenses	(189)
Marketing expenses	(69)
Corporate expenses	(460)
Technology expenses	(29)
Other expenses	(976)
Fair value movement on financial liabilities	(89)
Consolidated operating profit	29,992
Other revenue	173
Consolidated EBITDA¹	30,165
Depreciation and amortisation	(5,261)
Consolidated EBIT ¹	24,904
Net interest – revenue	23
Consolidated Net profit before tax	24,927
Income tax expense	(7,741)
Consolidated Net profit after tax (see Profit or Loss)	17,186

¹ These are non-IFRS measures and not reviewed and are reconciled to Net profit before tax in this table.

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NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	Half Year	
	2023	2022
	\$'000	\$'000
Revenue		
— Revenue from sale of goods ¹	431	483
— Revenue from rendering services ¹	73,453	61,906
Revenue	<u>73,884</u>	<u>62,389</u>
Other income		
— Interest received	353	194
— Other income		
- Foreign exchange gains	205	144
- Other	-	30
	<u>558</u>	<u>368</u>
Total	<u>74,442</u>	<u>62,757</u>

¹The Consolidated Group derives revenue from the transfer of goods and services at a point-in-time.

Disaggregation of revenue from contracts with customers

	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment elimination \$'000	Total \$'000
Half year Dec 2023					
Main geographic markets					
Australia (domicile)	54,997	23,332	102	(18,370)	60,061
United Kingdom	-	-	8,706	-	8,706
Canada	-	-	4,246	-	4,246
Fiji	541	-	-	-	541
Other overseas jurisdictions	330	-	-	-	330
	<u>55,868</u>	<u>23,332</u>	<u>13,054</u>	<u>(18,370)</u>	<u>73,884</u>
Customer type					
B2C	55,868	-	-	-	55,868
B2B	-	21,213	13,054	(18,370)	15,897
B2G	-	2,119	-	-	2,119
	<u>55,868</u>	<u>23,332</u>	<u>13,054</u>	<u>(18,370)</u>	<u>73,884</u>

Half year Dec 2023	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment elimination \$'000	Total \$'000
Main products and services					
Draw lottery games	52,967	-	-	-	52,967
Charity lottery games	1,938	-	-	-	1,938
Instant win games	431	-	-	-	431
Software licencing fees	-	23,332	-	(18,370)	4,962
Lottery management fees	0	-	13,054	-	13,054
Other	532	-	-	-	532
	<u>55,868</u>	<u>23,332</u>	<u>13,054</u>	<u>(18,370)</u>	<u>73,884</u>
Other revenue/income					558
External revenue and other income as reported in Note 3 above					74,442

Half year Dec 2022	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment elimination \$'000	Total \$'000
Main geographic markets					
Australia (domicile)	47,718	23,060	47	(18,914)	51,911
United Kingdom	-	190	4,005	-	4,195
Canada	-	-	3,898	-	3,898
Fiji	607	-	-	-	607
Other overseas jurisdictions	1,778	-	-	-	1,778
	<u>50,103</u>	<u>23,250</u>	<u>7,950</u>	<u>(18,914)</u>	<u>62,389</u>
Customer type					
B2C	50,103	-	-	-	50,103
B2B	-	21,456	7,950	(18,914)	10,492
B2G	-	1,794	-	-	1,794
	<u>50,103</u>	<u>23,250</u>	<u>7,950</u>	<u>(18,914)</u>	<u>62,389</u>
Main products and services					
Draw lottery games	47,585	-	-	-	47,585
Charity lottery games	1,439	-	-	-	1,439
Instant win games	451	-	-	-	451
Software licencing fees	-	23,250	-	(18,914)	4,336
Lottery management fees	-	-	7,950	-	7,950
Other	628	-	-	-	628
	<u>50,103</u>	<u>23,250</u>	<u>7,950</u>	<u>(18,914)</u>	<u>62,389</u>
Other revenue/income					368
External revenue and other income as reported in Note 3 above					62,757

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NOTE 4: COST OF SALES AND ADMINISTRATIVE EXPENSES

	Consolidated Group Half Year	
	2023 \$'000	2022 \$'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
– Sale of goods	308	380
– Rendering of services	12,374	9,473
Total cost of sales	12,682	9,853
Finance costs expensed		
– Interest and finance charges on borrowings	171	172
– Interest and finance charges on lease liabilities	68	161
Total finance costs expensed	239	333
Administrative expenses		
<i>Depreciation of non-current assets</i>		
– Plant and equipment	88	99
<i>Amortisation of non-current assets</i>		
– Leasehold improvements	25	19
– Intangibles	5,413	4,557
– Right-of-use assets	627	586
Total depreciation and amortisation	6,153	5,261
<i>Other administrative expenses</i>		
– Employee benefits expense	11,438	9,551
– Share-based payments	496	874
– Defined contribution superannuation expense	1,081	1,095
Total employee benefits expenses	13,015	11,520
– Other administrative expenses	9,781	6,332
Total administrative expenses	28,949	23,113
– Short-term lease rentals minimum lease payments	251	141
Total occupancy expenses	251	141

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NOTE 5: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	Half Year	
	2023	2022
	\$'000	\$'000
Basic earnings per share		
Profit from operations	20,154	17,186
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	<u>20,154</u>	<u>17,186</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>62,953,242</u>	<u>62,964,518</u>
	Consolidated Group	
	Half Year	
	2023	2022
	Number	Number
Diluted earnings per share		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,953,242	62,964,518
Adjustments for calculation of diluted earnings per share: — options/rights	<u>261,626</u>	<u>218,829</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u>63,214,868</u>	<u>63,183,347</u>

NOTE 6: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		31 December	30 June
		2023	2023
		\$'000	\$'000
(a) Total cash and cash equivalents		<u>72,981</u>	<u>53,190</u>
<i>Included in the above balance:</i>			
General account balances		60,502	41,226
Online lottery customer account balances	8	<u>12,479</u>	<u>11,964</u>
		<u>72,981</u>	<u>53,190</u>

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

At the half-year ended 31 December 2023 \$1,414,000 (30 June 2023: \$1,317,000) 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 was recognised in the Statement of Financial Position.

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	Consolidated Group	
	31 December 2023	31 December 2022
	\$'000	\$'000
(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year after income tax	20,154	17,186
Non-cash flow items		
Amortisation	6,040	5,162
Depreciation	113	99
Fair value on financial liabilities	(725)	89
Share-based payments	496	836
Net foreign exchange gain	(162)	(510)
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in trade receivables	(2,290)	(174)
Increase in other receivables	-	(576)
Decrease/(increase) in inventories	4	(6)
Decrease/(increase) in DTA	10	(119)
Increase/ (decrease) in trade payables	15,442	(159)
(Decrease)/ increase in other payables	(3,975)	7,095
(Decrease)/ increase in other provisions	(154)	192
(Decrease)/ increase in DTL	(1,270)	617
Increase/(decrease) in provision for income tax	<u>1,188</u>	<u>(623)</u>
Cash flow from operations	<u>34,871</u>	<u>29,109</u>

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NOTE 7: INTANGIBLE ASSETS

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

Consolidated Group	Goodwill	Website Development	Customer Contracts and Relationships	Software	Domain Names	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2023 reported	29,554	15,103	22,495	1,689	853	80	69,774
Prior period adjustment – addition through acquisition	1,018	-	-	-	-	-	1,018
Balance at 30 June 2023 restated ¹	<u>30,572</u>	<u>15,103</u>	<u>22,495</u>	<u>1,689</u>	<u>853</u>	<u>80</u>	<u>70,792</u>
Additions internally generated	-	3,058	-	-	16	-	3,074
Reclassification of leasehold improvements to property, plant and equipment	-	-	-	-	-	(80)	(80)
Amortisation charge	-	(3,027)	(1,369)	(267)	-	-	(4,663)
Foreign exchange rate movement effects	(106)	-	(62)	(1)	-	-	(169)
Closing value at 31 December 2023	<u>30,466</u>	<u>15,134</u>	<u>21,064</u>	<u>1,421</u>	<u>869</u>	<u>-</u>	<u>68,954</u>

¹ Restated goodwill balance as at 30 June 2023 relates to the finalisation of StarVale acquisition accounting. Refer to Note 13 for the details.

Refer to Note 1: Accounting Standards and Interpretations relating to Intangible assets.

Impairments

In accordance with the Group's accounting policies, each cash generating unit (**CGU**) has been assessed at period end to determine whether there were any indications of impairment. After due consideration of the potential indicators of impairment which could impact the valuations of the CGUs, the Group concluded that there were no indicators of impairment.

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NOTE 8: TRADE AND OTHER PAYABLES

	Note	Consolidated Group	
		31 December	30 June
		2023	2023
		\$'000	\$'000
Total trade and other payables		41,588	30,122
<i>Included in the above balance:</i>			
Trade creditors		17,925	2,483
GST payable		2,323	2,181
Sundry creditors and accrued expenses		7,301	11,712
Employee benefits		1,560	1,782
		29,109	18,158
Customer funds payable	6	12,479	11,964
		41,588	30,122

NOTE 9: ISSUED CAPITAL

	Half Year		Half Year	
	2023	2023	2022	2022
	Shares	\$'000	Shares	\$'000
At the beginning of the reporting period	62,898,394	79,807	62,775,211	81,390
Shares issued during the year				
- Issue of shares	-	-	-	-
- Exercise of rights/ options	92,965	-	300,000	1,050
- On-market share buyback	(42,704)	(576)	(154,618)	(1,915)
	62,948,655	79,231	62,920,593	80,525

NOTE 10: BORROWINGS

(a) Facilities with Banks

	31 December	30 June
	2023	2023
	\$'000	\$'000
<i>Credit facility</i>		
Bank guarantees	3,250	3,250
Commercial credit cards	260	300
Bank loans	45,500	47,000
	49,010	50,550
<i>Facilities utilised</i>		
Bank guarantees	(3,093)	(3,093)
Commercial credit cards	(86)	(76)
Bank loans	-	-
Amount available	45,831	47,381

The facilities are provided by Australia and New Zealand Banking Group Limited subject to general and specific terms and conditions being set and met periodically.

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There were no outstanding interest-bearing liabilities with banks for the half-year ended 31 December 2023 (30 June 2023: nil).

(b) Facilities with other financial institutions

	Consolidated Group	
	31 December 2023	30 June 2023
	\$'000	\$'000
Insurance funding	1,876	-
	<u>1,876</u>	<u>-</u>

In November 2023 the Group entered into insurance financing arrangement for a loan facility maturing on 30 August 2024 and repayable in equal instalments of \$208,000 per month over a ten-month period commencing on 30 November 2023.

(c) Assets pledged as security

The bank facilities are secured by a fixed and floating charge over all the Australian assets of the Group.

(d) Defaults and breaches

There have been no defaults or breaches during the half-year ended 31 December 2023.

NOTE 11: DIVIDENDS

	Consolidated Group	
	Half Year	
	2023	2022
	\$'000	\$'000
Ordinary shares		
Dividends paid in cash during the financial year	12,580	12,930
	<u>12,580</u>	<u>12,930</u>

NOTE 12: 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).

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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

	Consolidated Group	
	31 December	30 June
	Note	2023
	\$'000	\$'000
Financial assets at FVOCI	-	-
Financial liabilities at FVTPL	7,623	8,391

	Consolidated Group	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Financial liabilities at fair value		
Opening balance	8,391	3,458
Change in contingent consideration at fair value/earnout paid	(725)	(2,792)
Foreign exchange translation (gain)/loss through profit or loss	(20)	677
Foreign exchange translation (gain)/loss through other comprehensive income	(23)	-
Additions-contingent consideration from business acquisitions in period	-	7,048
Closing balance	<u>7,623</u>	<u>8,391</u>

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.

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NOTE 13: BUSINESS COMBINATIONS

There were no new acquisitions in the half-year ended 31 December 2023.

(a) Prior year acquisitions

Acquisition of StarVale Group

On 1 November 2022, the Group acquired 100% of the issued share capital and voting rights of StarVale, a leading UK ELM and digital payments company providing a full range of weekly lottery, raffle and prize draw services. The primary objective of the acquisition is to help build scale in the region.

The Group finalised the acquisition accounting of StarVale. The following adjustments have been made to the provisional amounts reported in the 30 June 2023 financial statements:

	30 June 2023 (provisional on acquisition date)	Adjustment	30 June 2023 (final balance on acquisition date)
	\$000s	\$000s	\$000s
Fair value of purchase consideration			
Cash paid on completion	32,610	-	32,610
Contingent consideration	7,048	-	7,048
Working capital and cash settlement adjustment paid	559	-	559
Total consideration	<u>40,217</u>	-	<u>40,217</u>

Fair value of identifiable assets and liabilities at acquisition date:

Cash	12,569	-	12,569
Trade and other receivables	2,313	-	2,313
Property, plant and equipment	4	-	4
Software	877	-	877
Customer contracts and relationships	15,125	-	15,125
Trade and other payables	(1,156)	-	(1,156)
Corporate tax liability	(312)	-	(312)
Deferred tax liability ¹	(3,041)	(960)	(4,001)
Net assets	<u>26,379</u>	(960)	25,419
Goodwill on consolidation ¹	13,838	960	14,798
StarVale acquisition at fair value	<u>40,217</u>	-	<u>40,217</u>

¹The provisional deferred tax liability was calculated using the prevailing corporation tax rate in the UK of 19%. On acquisition date it was publicly known the corporation tax in the UK would increase from 19% to 25%, effective from 1 April 2023. As a result, the provisional deferred tax liability was re-measured at the 25% tax rate and goodwill balances were increased by AU\$960k (GBP 545,000 at the acquisition date exchange rate) to reflect the prevailing tax rate which existed at the acquisition date.

The balances reported at 30 June 2023 were restated in these half-year financial statements for the adjustments as follows:

	30 June 2023 reported	Restatement¹	30 June 2023 (restated)
	\$000s	\$000s	\$000s
Non-current assets			
Intangible assets	69,774	1,018	70,792
Non-current liabilities			
Deferred tax liabilities	(9,222)	(1,018)	(10,240)

¹ The restated balances include foreign exchange impact of \$58,000 since balance on acquisition date.

(b) Contingent consideration

StarVale

The contingent consideration arrangement requires the Group to pay up to an additional undiscounted amount of GBP4,500,000 (~\$8,386,135) in cash to the StarVale vendors if certain Profit targets are met.

At 31 December 2023 these funds were held in escrow which is jointly controlled by the Group and the vendor (including movements on foreign exchange translation of \$25,000), which are recognised in the Statement of Financial Position as:

	\$000s
Other current assets	
As at 30 June 2023	8,411
Unrealised fair value changes recognised in other comprehensive income	(25)
As at 31 December 2023	<u>8,386</u>

The fair value of the contingent consideration arrangement of \$7,619,212 (GBP 4,088,469) was estimated by calculating the face value of the estimated earnout payable based on the assumed probability-adjusted profit in StarVale for the 12-month period to 30 June 2023 (refer to Note 12).

The Group expects to settle the contingent consideration within the next 12 months and is recognised as a current liability in the Statement of Financial Position as:

	\$000s
Contingent consideration at FV	
As at 30 June 2023	7,653
Change in contingent consideration at FVTPL	(11)
Unrealised fair value changes recognised in other comprehensive income	(23)
As at 31 December 2023	<u>7,619</u>

Stride

At 31 December 2023 the Group released \$734,325 of the deferred consideration in relation to Stride (including \$20k foreign exchange gain through profit and loss), since the level of Stride performance largely did not meet the required performance hurdles, with \$4,270 of deferred consideration remaining unsettled as at 31 December 2023 and recognised as a current liability in the Statement of Financial Position as follows:

	\$000s
Contingent consideration at FV	
As at 30 June 2023	738
Change in contingent consideration at FVTPL	(714)
FX translation (gain)/loss through profit or loss	(20)
As at 31 December 2023	<u><u>4</u></u>

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

Apart from the events disclosed above and the interim dividend declared of 27.0 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 after 31 December 2023.

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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 2023 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 Group 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 2024

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Independent Auditor's Review Report to the Members of Jumbo Interactive Limited

Conclusion

We have reviewed the accompanying half-year financial report of Jumbo Interactive Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 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 consolidated financial position of the Group as at 31 December 2023 and of its consolidated 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year 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 responsibilities for the review of the half-year 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 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'Susie Kuo'.

Susie Kuo
Partner
Brisbane
23 February 2024

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