

23 August 2024

Jumbo delivers a record result with significant growth across all key metrics; well-positioned to grow in FY25

Jumbo Interactive Limited (ASX:JIN) (**Jumbo**) today announced its results for the full year ended 30 June 2024.

Jumbo Managing Director, CEO and Founder Mike Veverka said "The 2024 financial year is Jumbo's most successful to date with over \$1 billion in transaction value achieved and a 30% increase in underlying EBITDA. For the first time in our history, we exceeded 1 million active players in our Lottery Retailing segment, highlighting our ability to engage with our existing players and acquiring new players during periods of large jackpots. Our significantly larger active player base, focus on player experience, innovation, and stable service fee¹ to The Lottery Corporation, mean we are very well positioned to grow in FY25."

FY24 performance highlights

Growth across key performance metrics:

- Total Transaction Value (**TTV**) up 23.7% to \$1.054 billion.
- Revenue up 34.2% to \$159.3 million.
- Underlying EBITDA² up 30.0% to \$76.6 million.
- Underlying NPATA^{2,3} up 31.5% to \$46.4 million.
- Underlying EPSA^{2,3} up 31.4% to 73.7 cents per share.
- Fully franked full year ordinary dividend up 26.7% to 54.5 cents per share.

Lottery Retailing

The large jackpot environment in FY24 was very strong with 55 Powerball/OzLotto large division 1 jackpots⁴ (FY23: 42) with an aggregate division 1 prize value of \$2.4 billion (FY23: \$1.6 billion). The average value per jackpot was up 16.5% to \$43.0 million (FY23: \$36.9 million). There were 14 large jackpots greater than or equal to \$50 million (FY23: 9), including two \$150 million Powerball jackpots, one \$90 million Oz Lotto jackpot and a record breaking \$200m Powerball jackpot.

The favourable run of jackpots combined with pricing and product portfolio changes implemented in May 2023 led to a very strong performance with TTV and Revenue up 21.1% and 35.2% respectively. EBITDA increased 39.6% to \$42.6 million, reflecting an EBITDA/revenue margin of 34.5% (FY23: 33.4%). The step-up in the service fee paid to The Lottery Corporation Limited (**TLC**) and higher operating costs were more than offset by the strong revenue growth, demonstrating Jumbo's ability to generate operating leverage.

Software-as-a-Service (SaaS)

Jumbo licenses its digital lottery platform to government and charity lottery operators with the advantage of operating in a dual role as both developer and client of its proprietary lottery software. The SaaS segment continues to grow with TTV up 18.6% and external revenue growth of

¹ Pursuant to the Reseller Agreement with TLC, the service fee increased from 1.5% of the subscription price in FY21 to 2.5% in FY22, 3.5% in FY23 and 4.65% in FY24 and thereafter. For FY21 to FY23, if the subscriptions exceeded \$400,000,000 in the applicable financial year, then a service fee of 4.65% applied to the excess amount.

² Adjusted for one-off items of \$0.8 million (pre-tax) and \$1.4 million (pre-tax) in FY23 and FY24 respectively.

³ Net Profit After Tax/Earnings Per Share before amortisation of acquired intangible assets.

⁴ Greater than or equal to \$15 million.

23 August 2024

15.9% with a slightly lower revenue margin of 4.3% (FY23: 4.4%). The slightly lower revenue margin reflects the revised license fee structures under the extended Mater and Lotterywest SaaS agreements. EBITDA increased 18.4% to \$32.8 million, reflecting an EBITDA/revenue margin of 64.6% (FY23: 65.3%). The minor margin decline was due to higher employee and technology costs in the period.

Managed Services

Jumbo provides its lottery platforms as well as lottery management and fulfillment services to charities and worthy causes, enabling them to establish a new lottery program or enhance an existing program. Managed Services includes Gatherwell Limited (**Gatherwell**) and the StarVale Group (**StarVale**) in the United Kingdom and Stride Management Corp (**Stride**) in Canada. Jumbo completed the acquisition of StarVale on 1 November 2022 with a full 12-month contribution recorded in FY24 (8 months in FY23). In April 2024, Gatherwell and StarVale were operationally combined to form Jumbo Interactive UK. In aggregate, Jumbo's UK and Canadian businesses now represent 16% and 9% of Group revenue and EBITDA respectively.

A lower EBITDA contribution from Canada was more than offset by Jumbo's UK business resulting in the overall segment EBITDA up 8.3% to \$6.7 million (FY23: \$6.2 million), equivalent to an EBITDA/revenue margin of 26.0% (FY23: 33.4%). The lower margin mainly reflects the investment Jumbo has made in transitioning to a new leadership team and setting the foundations for long-term growth.

Group financials

Group metrics \$m unless otherwise stated	Reported FY24	Reported FY23	Reported Variance
TTV	1,053.6	851.9	23.7%
Revenue	159.3	118.7	34.2%
Revenue margin	15.1%	13.9%	1.2ppts
Underlying EBITDA ¹	76.6	58.9	30.0%
Underlying EBITDA margin ¹	48.1%	49.6%	-1.5ppts
Underlying NPATA ^{1,2}	46.4	35.3	31.5%
Underlying EPSA ^{1,2}	73.7cps	56.1cps	31.4%

The contraction in the Group's underlying EBITDA margin reflects the final step-up in the service fee³ paid to The Lottery Corporation and the lower margin profile of the Group's emerging Managed Services segment which includes its UK and Canadian operations. The underlying EBITDA margin (excluding the impact of incentives⁴) was 49.8%, at the upper end of the FY24 guidance range of 48% to 50% that Jumbo provided in August 2023.

¹ Adjusted for one-off items of \$0.8 million (pre-tax) and \$1.4 million (pre-tax) in FY23 and FY24 respectively.

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

³ Pursuant to the Reseller Agreement with TLC, the service fee increased from 1.5% of the subscription price in FY21 to 2.5% in FY22, 3.5% in FY23 and 4.65% in FY24 and thereafter. For FY21 to FY23, if the subscriptions exceeded \$400,000,000 in the applicable financial year, then a service fee of 4.65% applied to the excess amount.

⁴ Short-term incentives and Share-based Payments (SBP).

23 August 2024

Dividend and Capital management

The ongoing positive cash generation of the Group and strength of the balance sheet enabled the Jumbo Board to declare a final, fully franked dividend of 27.5 cents per share, taking the total dividend for the financial year to 54.5 cents per share, fully franked (FY23: 43.0 cents per share). This translates to a dividend payout ratio of 79.2%, which is towards the top end of Jumbo’s targeted 65% to 85% dividend payout ratio range. The record and payment date for the dividend is 30 August and 20 September 2024 respectively.

In August 2024, Jumbo successfully refinanced its existing debt facilities with a new financing package with its current lender ANZ. The new arrangement includes a \$50 million committed facility and a \$30 million accordion¹. The new financing package brings our funding arrangements better in line with other listed corporates and provides incremental flexibility to support Jumbo’s growth strategy.

As part of a proactive approach to capital management, in September 2022 Jumbo commenced an on-market share buy-back program of up to \$25 million. As at 30 June 2024, \$3.2 million worth of shares had been purchased. The Group intends to accelerate the on-market share buy-back program but will maintain a disciplined approach to execution, with the timing and number of shares to be purchased dependent on the prevailing share price and alternative capital deployment opportunities.

FY25 Outlook

Following a record year in FY24, Jumbo remains well positioned for further growth in FY25. Underlying EBITDA margin expectations and the underpinning assumptions are summarised below:

Australia (Lottery Retailing + SaaS + Corporate)

51% – 53%

Underlying EBITDA Margin
(FY24: 52.2%)

Assumptions

- A return to the historical number of large jackpots:
 - 40 to 45 Powerball/Oz Lotto ≥ \$15m (FY24: 55)
- Flat TLC service fee¹ at 4.65%
- Flat/slightly higher Lottery Retailing revenue margin (FY24: 22.7%)
- Lottery Retailing marketing costs 1.5% to 2.0% of TTV (FY24: 1.89%), dependent on jackpots and product initiatives
- Low-teens underlying SaaS TTV growth (FY24: 19%)
- Flat/slightly lower SaaS external revenue margin (FY24: 4.3%)
- Modest increase in product development and innovation to drive future growth
- Operating cost base will be managed according to revenue growth

Growth and operating leverage focus

Managed Services (UK² | Canada)

21% – 23%

Underlying EBITDA Margin
(FY24: 26.4%)

Assumptions

- Flat-to-low single digit revenue growth reflecting:
 - Mid-to-high single digit growth in UK
 - Revenue decline in Canada as customer contracts across the lottery value chain are re-evaluated
- Modest investment to drive future growth
- Focus on building scale/capabilities through bolt-on acquisitions

Positioning for future growth

Group

46% – 48%

Underlying EBITDA Margin
(FY24: 48.1%)

Capital Management

- Target dividend payout ratio of 65% to 85% of statutory NPAT
- Acceleration of the on-market share buy-back³

Notes:

1. Pursuant to the Reseller Agreements with TLC, the service fee increased from 1.5% of the subscription price in FY21 to 2.5% in FY22, 3.5% in FY23 and 4.65% in FY24 and thereafter. For FY21 to FY23, if the subscriptions exceed \$400m in the applicable year, then a service fee of 4.65% applied to the excess amount.
2. UK includes Gatherwell and StarVale.
3. On-market share buy-back of up to \$25m conducted on an opportunistic basis and commenced in September 2022. The timing and number of shares to be purchased continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the program at any time. As at 30 June 2024, \$3.2m of shares had been purchased at an average price of \$12.74.

¹ The additional \$30m facility is uncommitted and hence not subject to commitment fees, however availability is at the lender’s discretion.

23 August 2024

FY24 investor/analyst briefing

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

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

[Jumbo Interactive Limited FY24 Results Briefing](#)

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

<https://s1.c-conf.com/diamondpass/10039557-1|xdes.html>

- Ends -

Authorised for release by the Board of Directors.

For further information contact:

Investor Relations – Jatin Khosla (CFO)

+61 428 346 792

jatink@jumbointeractive.com

Media – Mike Veverka (MD, CEO and Founder)

+61 7 3831 3705

media@jumbointeractive.com

About Jumbo Interactive

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

Jumbo was founded by CEO Mike Veverka in 1995 with a single computer. Since then, it has matured into a leading digital lottery retailer and lottery software provider with over 250 employees across Australasia, the United Kingdom (UK) and Canada. In FY24, Jumbo helped raise over \$260m for good causes for our charity partners. Jumbo was listed on the ASX in 1999.