



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

(ABN 66 009 189 128)

## **APPENDIX 4D HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021**

***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 2021 to 31 December 2021

Prior corresponding period:

1 July 2020 to 31 December 2020

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the period ended 31 December:

	Consolidated Group Half Year			
	2021 \$'000	2020 \$'000	Change \$'000	Change %
Revenue from operations	52,841	40,939	Up 11,902	Up 29.1
Earnings before interest, tax, and depreciation and amortisation	28,222	23,083	Up 5,139	Up 22.3
Earnings before interest and tax	23,924	19,026	Up 4,898	Up 25.7
Profit after tax from operations attributable to members	16,408	13,161	Up 3,247	Up 24.7
Total comprehensive income for the period attributable to members	16,113	13,052	Up 3,061	Up 23.5

## DIVIDENDS

A fully franked final dividend of 18.5¢ (eighteen and a half cents) per ordinary share for the financial year ended 30 June 2021 (2020: final 17.0¢) was paid on ordinary shares during the half year ended 31 December 2021.

A fully franked interim dividend of **22.0¢ (twenty two cents) per share** (2021: interim 18.0¢) will be paid on ordinary shares as follows:

- Record date: 4 March 2022
- Payment date: 18 March 2022

## NET TANGIBLE ASSETS

	Consolidated Group Half Year	
	2021 Cent	2020 Cent
Net Tangible Assets (NTA) per ordinary share	83.9	66.4

## 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 2021. The Interim Financial Report of Jumbo Interactive Limited for the half year ended 31 December 2021 is attached.

## SIGNED



**Susan Forrester**  
Chair

Brisbane  
22 February 2022



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

# **Jumbo Interactive Limited**

**ABN 66 009 189 128**

## **Interim Financial Report – 31 December 2021**

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## 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 2021.

### DIRECTORS

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

- Susan Forrester (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

Mr 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:

- Lottery Retailing (Business to Consumer (**B2C**));
- Software-as-a-Service (Business to business (**B2B**)/Business to government (B2G)); and
- Managed Services (B2B).

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 businesses, charities and governments (B2B/B2G) mainly in the lottery market in Australia and internationally.

#### *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 10 to 21 of this Interim Financial Report. The Financial Review forms part of the Directors' Report.

### FUTURE DEVELOPMENTS

On 26 August 2021, the Group announced it had entered into an agreement to acquire 100% of Canadian lottery management provider Stride Management Inc. (**Stride**) for a cash consideration of A\$11.7 million<sup>1</sup> (C\$11.0 million) subject to satisfaction of certain conditions under the agreement.

The acquisition of Stride is another key strategic step in Jumbo's international expansion strategy following the successful acquisition of United Kingdom (**UK**) based Gatherwell Ltd in November 2019.

<sup>1</sup> Based on exchange rate C\$0.94 = A\$1.00

Based on 30 September 2021 management accounts (unaudited), Stride generated ~A\$122 million<sup>2</sup> (~C\$115 million) in Total Transaction Value with service revenue of ~A\$6.6 million<sup>2</sup> (~C\$6.2 million) and Net Profit Before Tax of ~A\$2.5 million<sup>2</sup> (~C\$2.3 million).

The total consideration of A\$11.7 million<sup>2</sup> (C\$11.0 million) will be funded entirely from available cash with 70% (A\$8.2 million<sup>2</sup>, C\$7.7 million) payable on completion and the remaining 30% (A\$1.761 million<sup>2</sup>, C\$1.65 million) to be paid in two instalments in FY22 and FY23 subject to earnings hurdles being met.

As announced 14 December 2021, Alberta and Saskatchewan Gaming Regulator approval is required to complete the transaction. This approval was originally expected to occur in late calendar year 2021, with approval now expected to be received during Q4 FY2022.

On 27 January 2022, the Group announced it had entered into an agreement to acquire 100% of the StarVale Group (**StarVale**), through a newly incorporated wholly owned entity, Jumbo Interactive UK Ltd (as the purchaser), subject to satisfaction of certain conditions under the agreement.

StarVale is a leading UK External Lottery Manager and digital payments company, and the acquisition aligns with Jumbo's strategy to build scale in its Managed Services and Software-as-a-Service business segments.

StarVale will be acquired for ~A\$32.1 million<sup>3</sup> (~£17.0 million), including cash of ~A\$9.4 million<sup>4</sup> (~£5.0 million), and up to ~A\$7.5 million<sup>4</sup> (£4.0 million) to ~A\$8.5 million<sup>4</sup> (£4.5 million) of deferred consideration, payable following 30 June 2023 and subject to achieving certain earnings hurdles. A new senior debt facility of \$30 million and general cash reserves will be used to fund the acquisition.

Completion of the transaction remains subject to UK Gambling Commission approval which is anticipated by the end of FY2022.

In the opinion of the Directors, there are no other matters or circumstances which have arisen between 31 December 2021 and the date of this 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 of a kind referred to ASIC Legislative Instrument 2016/191, 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.

<sup>2</sup> Based on exchange rate C\$0.94 = A\$1.00

<sup>3</sup> Based on exchange rate £0.53 = A\$1.00

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



**Susan Forrester**  
**Chair**



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

Brisbane  
22 February 2022



## AUDITOR'S INDEPENDENCE DECLARATION



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### DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF JUMBO INTERACTIVE LIMITED

As lead auditor for the review of Jumbo Interactive Limited for the half-year ended 31 December 2021, 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 'T J Kendall', is written over a horizontal line.

**T J Kendall**

Director

**BDO Audit Pty Ltd**

Brisbane, 22 February 2022

## FINANCIAL REVIEW

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

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

Our mission 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 was 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

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 with an increase in large jackpot activity due mainly to an increase in customer activity, although profits have not increased to the same extent with the 1% increase in the service fee<sup>4</sup> payable under the Tabcorp Agreement impacting the gross profit margin. Net profit for the Lottery Retailing division was also impacted by increased customer acquisition costs driven by higher jackpot activity. The SaaS division revenue and profits increased as it scales up with the progressive finalisation of the on-boarding of Australian customers in 1H2022 together with organic growth. The Managed Services division includes Gatherwell in the UK and a relatively new operation in Australia having signed its first two customers in February 2021 who went live in June 2021. Organic growth in Gatherwell is the main contributor to the division's revenue and profit growth.

The Coronavirus (**COVID-19**) pandemic, which has had a significant social impact on our global community, continues to be a net positive for the Group from a revenue perspective. 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. This structural shift in the way that people purchase lottery tickets is expected to continue even as the effects of Covid-19 dissipate, and the world returns to a new normal.

The financial position of the Group is sound with good liquidity. With the expected ongoing structural shift to digital channels for lotteries 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, enhanced data management has led to an improved player experience and increased sales, so the Group has increased investment in technology for the benefit of both its own Lottery Retailing operation as well as its SaaS customers. During the half year period, the Group renewed its ISO 27001:2013 certification of the information security management systems applied to its core software platform product.

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

As with many other industries, the technology industry is experiencing a significant shortage of skilled workers and therefore the demand and competition for talent with digital skills is higher than ever before. Focus and investment in critical skills developments including leadership, technical and interpersonal skills, as well as the Group's Graduate Program, will ensure a continuous pipeline of talent. Alignment within the Senior Leadership Group, spanning from Australia to the UK and North America, ensures business functions are working together to achieve the goals of the business.

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

- \$2,965,000 (HY Dec 2020: \$3,364,000) invested in the proprietary software platform (intangible assets);
- \$4,682,000 (HY Dec 2020: \$2,600,000) invested in marketing activities primarily to acquire new and retain existing customers; and
- \$8,446,000 (HY Dec 2020: \$6,521,000) on employees who provide the software development and marketing skills, customer support services, and management.

## CONSOLIDATED H1 FY2022 FINANCIAL PERFORMANCE IN REVIEW

### Result Highlights (Underlying and statutory operations)

The Group has included TTV; underlying EBIT, EBITDA, and NPAT; statutory EBIT and EBITDA. 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 Group earnings before net interest, tax, and 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 2021	HY Dec 2020	Change %
TTV	327,934	232,776	40.9%
- Company	234,655	185,684	26.4%
- Third party	93,279	47,092	98.1%
Revenue	52,841	40,939	29.1%
Revenue margin (%)	16.1%	17.6%	(1.5pps)
EBITDA – underlying <sup>5</sup>	28,348	24,135	17.5%
EBIT – underlying <sup>6</sup>	24,050	20,078	19.8%
NPAT – underlying <sup>6</sup>	16,496	13,953	18.2%
Earnings per share – underlying	26.4¢	22.3¢	18.4%
Adjustments			
– Acquisition costs	(126)	(98)	>28.6%
– Consulting and legal fees	-	(867)	(>100%)
– Fair value movement on financial liabilities	-	(87)	(>100%)
– Tax effect	38	260	(85.4%)
EBITDA – statutory	28,222	23,083	22.3%
EBIT – statutory	23,924	19,026	25.7%
NPAT – statutory	16,408	13,161	24.7%
Interim dividend declared (cps)	22.0¢	18.0¢	22.2%

<sup>5</sup> Refer to page 14 for the reconciliation to statutory earnings

\$'000	HY Dec 2021	HY Dec 2020	Change %
Earnings per share (cps)	26.3¢	21.1¢	24.6%
Return on capital employed (%)	18.1%	16.1%	2.0pps
EBITDA margin - underlying (%)	53.7%	59.0%	(5.3pps)
EBIT margin – underlying (%)	45.5%	49.0%	(3.5pps)

- TTV up \$95,158,000 or 40.9% to \$327,934,000 with:
  - SaaS up \$41,542,000 or >100% now that all AU customers have been fully onboarded, organic growth and Lotterywest for a full six months in HY December 2021
  - MS up \$4,645,000 or 64.9% which is mainly Gatherwell in the UK with growth of \$4,208,000 or 58.8%
  - LR up \$48,971,000 or 26.4% due to increase customer activity on the back of increased large jackpot activity
- Revenue up \$11,902,000 or 29.1% to \$52,841,000 with:
  - SaaS up \$6,014,000 or 38.9% with increased TTV from external customers, and a higher intercompany software fee from LR
  - MS up \$610,000 or 40.8% which increased TTV albeit at a lower revenue margin due to product mix
  - LR up \$8,920,000 or 23.6% with increased TTV at a slightly lower revenue margin due to product mix
- Underlying EBITDA up \$4,213,000 or 17.5% to \$28,348,000 with an increase in operating expenses, mainly in marketing costs to grow the business and employee expenses to support the growth.

### Major items

- an increase in the service fee paid to Tabcorp to 2.5% (HY Dec 2020: 1.5%) which has increased cost of sales;
- an increase in marketing expenses which contributed to the increase in TTV/Revenue;
- an increase in employee-related expenses from a combination of factors including expansion of KMP, the establishment of a senior leadership group, a moderately higher staff turnover and a tighter labour market, an increased Short Term Incentive Staff Pool provision based on the current period NPAT growth (the financial KPI measure), and annual remuneration increases for staff; and
- an increase in other expenses mainly in insurance-related costs.

### Consolidated results

TTV and Revenue have increased largely due to the scaling up of the SaaS segment, continued growth of Gatherwell UK in the MS segment, and growth in LR with higher customer activity on the back of an increase in large jackpot activity. Cost of sales has increased with the service fee introduced in the Tabcorp Agreement signed in August 2020, increasing to 2.5% (HY Dec 2020: 1.5%) which impacts the gross profit margin, and increased merchant fees with the increased TTV. There is a continued focus on the management of expenses which increased 26.1% due to an increase in marketing to achieve the TTV/Revenue growth and an increase in the cost base to underpin current and planned future growth.

The Group's financial performance is summarised below.

	Half Year		Change \$'000	Change %
	Dec 2021 \$'000	Dec 2020 \$'000		
TTV	327,934	232,776	95,158	40.9
Revenue	52,841	40,939	11,902	29.1
Cost of sales	(7,252)	(4,095)	3,157	77.1
Gross profit	45,589	36,844	8,745	23.7
Other revenue	228	187	41	21.9
Expenses	(17,595)	(13,948)	3,647	26.1
EBITDA	28,222	23,083	5,139	22.3
Depreciation and amortisation	(4,298)	(4,057)	241	5.9
EBIT	23,924	19,026	4,898	25.7
Net interest revenue	(37)	47	(84)	(>100)
NPBT	23,887	19,073	4,814	25.2
NPAT attributable to members	16,408	13,161	3,247	24.7

#### Group performance overview

- TTV up \$95,158,000 or 40.9% to 327,934,000 largely from (i) the SaaS segment as it has scaled-up and (ii) the LR segment which has increased with higher customer activity on the back of higher large jackpot activity, together with (iii) the Managed Services segment that mainly reflects ongoing growth of Gatherwell UK.
- Revenue up \$11,902,000 or 29.1% to \$52,841,000 with contributions from:
  - SaaS up \$2,372,000 or >100% to \$4,010,000, net of intersegment revenue, with a scaling-up of the current AU customers now becoming fully operational and a full 6-months of Lotterywest in the half-year period;
  - Managed Services up \$610,000 or 40.8% to \$2,104,000 with the main contribution from Gatherwell UK; and
  - Lottery Retailing up \$8,920,000 or 23.6% to \$46,727,000 mainly due to higher customer activity on the back of increase large jackpot activity.
- Cost of sales up \$3,157,000 or 77.1% to \$7,252,000 mainly due to the step-up increase of 1.0% in the Tabcorp service fee in terms of the Agreement to 2.5% of subscriptions (ticket costs) in the current half-year period compared to 1.5% in the pcp, and increased merchant fees with increased TTV
- Expenses up \$3,647,000 or 26.1% primarily with:
  - \$2,082,000 increase in marketing (mainly customer acquisition costs in line with increased large jackpot activity);
  - \$1,700,000 increase in employee benefits expense (excluding share-based payments) from a combination of factors including (i) expansion of the KMP, (ii) the establishment of a senior leadership group, (iii) moderately higher staff turnover and a tighter labour market impacting the cost of new hires, (iv) an increase in the Short-Term Incentive Staff Pool provision based on the current period NPAT growth (the financial KPI measure), and (v) annual remuneration increases for staff;
  - \$225,000 increase in share-based payments mainly relating to the fair value of annual long-term incentives beginning FY2019 and being recognised over a 3-year period;
  - \$942,000 decrease in consultancy and legal expenses mostly with one-off expenses of \$867,000 relating to the 10-year Tabcorp Agreement in the pcp compared to \$126,000 one-off expenses for the Stride and StarVale conditional acquisitions in the current period;
  - \$63,000 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. There was a benefit from the stronger foreign exchange rate compared to the pcp;

- \$458,000 increase in insurance-related expenses with increased cover and premiums from an expanding business;
- \$163,000 increase in other expenses that mainly relate to increased recruitment costs to replace staff that have left in the current period and sponsorship relating to the Paralympics MS agreement; and
- \$87,000 decrease 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 in the pcg
- EBITDA up \$5,139,000 or 22.3% to \$28,222,000 with contributions from:
  - Software-as-a-Service \$14,788,000;
  - Managed Services \$509,000;
  - Lottery Retailing \$15,844,000;
  - Corporate loss (\$3,147,000); and
  - Other revenue \$228,000
- \$241,000 or 5.9% increase in depreciation and amortisation mainly due to:
  - \$125,000 increased amortisation of the \$15,000,000 capitalised Tabcorp extension fee over the 10-year term of the agreements for 6 months in the current period and 5 months in the pcg; and
  - capitalised website developments costs relating to the proprietary software.
- \$84,000 or >100% decrease in net interest revenue mainly due to 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 assessing the financial performance of the business. Underlying earnings is derived by adjusting the statutory earnings for significant non-recurring, non-operating items as follows:

	HY Dec 2021	HY Dec 2020
	\$'000	\$'000
Underlying EBITDA	28,348	24,135
Underlying EBIT	24,050	20,078
Underlying NPAT	16,496	13,953
Add/(deduct) significant items		
• Acquisition costs	(126) <sup>1</sup>	(98) <sup>2</sup>
• Consulting and legal fees	-	(867) <sup>2</sup>
• Fair value movement on financial liabilities	-	(87) <sup>2</sup>
Statutory EBITDA	28,222	23,083
Statutory EBIT	23,924	19,026
Taxation benefit	38	260
Statutory NPAT	16,408	13,161

<sup>1</sup> The consulting & legal costs relate to the conditional acquisition of Stride Canada and StarVale UK.

<sup>2</sup> The acquisition costs relate to the acquisition of Gatherwell Limited in the UK. 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**

	Lottery Retailing		SaaS		Managed Services		Total <sup>1</sup>	
	HY Dec 2021	HY Dec 2020	HY Dec 2021	HY Dec 2020	HY Dec 2021	HY Dec 2020	HY Dec 2021	HY Dec 2020
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
TTV	234,655	185,684	81,476	39,934	11,803	7,158	327,934	232,776
Revenue	46,727	37,807	21,496	15,482	2,104	1,494	70,327	54,783
– Intersegment	-	-	17,486	13,844	-	-	17,486	13,844
– Third-party	46,727	37,807	4,010	1,638	2,104	1,494	52,841	40,939
Gross profit	22,365	20,056	21,348	15,468	1,876	1,320	45,589	36,844
Operating expenses	(6,521)	(4,679)	(6,560)	(5,060)	(1,367)	(856)	(14,448)	(10,595)
EBITDA	15,844	15,377	14,788	10,408	509	464	31,141	26,249
Revenue/TTV	19.9%	20.4%	4.9%	4.1%	17.8%	20.9%	16.1%	17.6%
GP/Revenue	47.9%	53.0%	99.3%	99.9%	89.2%	88.3%	64.8%	67.3%
Opex/Revenue	14.0%	12.4%	30.5%	32.7%	65.0%	57.3%	20.5%	19.3%
EBITDA/Revenue	33.9%	40.7%	68.8%	67.2%	24.2%	31.1%	44.3%	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 Financial Report.

**Review of Operations**

**(a) Lottery Retailing**

Jumbo's Lottery Retailing segment 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 (**Tabcorp**). 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 2021	HY Dec 2020 <sup>1</sup>	Change	Change
	\$'000	\$'000	\$'000	%
TTV - Company	234,655	185,684	48,971	26.4
Revenue	46,727	37,807	8,920	23.6
Gross profit	22,365	20,056	2,309	11.5
Operating expenses	(6,521)	(4,679)	1,842	39.4
EBITDA	15,844	15,377	467	3.0
Revenue/TTV	19.9%	20.4%	(0.5ppt)	(2.5)
Gross profit/Revenue	47.9%	53.0%	(5.1ppt)	(9.6)
Opex/Revenue	14.0%	12.4%	1.6ppt	12.9
EBITDA/Revenue	33.9%	40.7%	(6.8ppt)	(16.7)

<sup>1</sup> HY December 2020 includes Western Australia customers who were still part of the Lottery Retailing segment in that period. These customers were transferred to Lotterywest under a new agreement signed on 21 December 2020. Refer to the analysis below providing the underlying comparison period on period on a like-for-like basis.

A key event in the pcg HY December 2020 was the transfer of Western Australia customers to Lotterywest from 21 December 2020 which is effectively a transfer of TTV at a margin of ~20% from Lottery Retailing to SaaS at a margin of 9.5% for these customers per the table below:

	HY Dec 2021 \$'000	HY Dec 2020 \$'000	HY Change %
TTV – Third party	234,655	185,684	26.4
Less: Lotterywest	-	(15,964)	>100
Underlying TTV	234,655	169,720	38.3
Revenue	46,727	37,807	23.6
Less: Lotterywest	-	(3,159)	>100
Underlying Revenue	46,727	34,648	34.9

Underlying TTV has increased by \$64,935,000 or 38.3% to \$234,655,000 (HY Dec 2020: \$169,720,000) mainly due to increased activity and spend from new and current customers. New customer numbers were higher with increased marketing spend and higher large jackpot activity compared to the pcg.

Underlying TTV \$'000	HY Dec 2021	HY Dec 2020	Change
Lotteries	229,916 98.0%	165,104 97.3%	Up 64,812 or 39.3%
Charities	4,739 2.0%	4,616 2.7%	Up 123 or 2.7%
Total Underlying TTV	234,655 100.0%	169,720 100.0%	Up 64,935 or 38.3%

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:

	HY Dec 2021	HY Jun 2021	HY Dec 2020
Underlying TTV – Lottery retailing	\$234.7 million	\$179.8 million	\$169.7 million
Underlying Revenue – Lottery retailing	\$46.7 million	\$37.3 million	\$34.6 million
<b>OZ Lotto/ Powerball Division 1 of \$15 million or more</b>			
Number of jackpots of \$15 million or more	23	23	15
Average Division 1 jackpot of \$15 million or more	\$37.8 million	\$30.4 million	\$34.0 million
Peak Division 1 jackpot during the half year period	\$80 million	\$80 million	\$80 million
Aggregate Division 1 jackpots on offer during the half year period	\$870 million	\$700 million	\$510 million

The 53.3% increase in number of large jackpots to 23 (HY Dec 2020: 15) and 70.6% increase in aggregate value to \$870m (HY Dec 2020: \$510m) has resulted in an 11.1% increase in average value to \$37.8m (HY Dec 2020: \$34.0m) which, together with an increase in customer activity (new and active customers) and a slight decline in revenue margin of 0.5ppt due to product mix, have contributed to an increase in TTV and Revenue.

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). \$4,308,000 (HY Dec 2020: \$2,455,000) was invested in marketing activities during the period primarily to acquire new and engage 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.

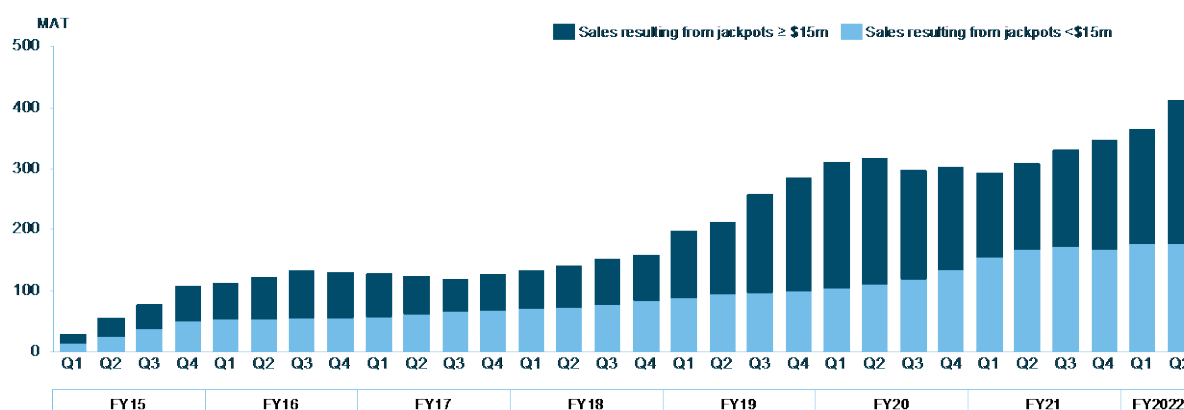
The following table summarizes the Marketing KPIs:

**www.ozlotteries.com and mobile apps**

	<b>HY Dec 2021</b>	<b>HY Dec 2020</b>
Number of new online accounts (6-month period)	198,912	143,495
Cost per Lead - CPL (6-month period)	\$20.02	\$16.21
Number of active online customers (12-month period)	836,582	782,455
Average spend per active online customer (12-month period)	\$464.65	\$409.14

The number of new online accounts has increased by 38.6% on pcp due mainly to increased customer acquisition spending taking advantage of the increased level of large jackpot activity in HY December 2021 which, together with increased customer engagement, has also contributed to a 6.9% increase in active customers and 13.6% increase in average customer spend for the 12-month period to 31 December 2021.

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



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

Revenue increased by \$8,920,000 or 23.6% to \$46,727,000 (HY Dec 2020: \$37,807,000) with the Revenue margin slightly lower at 19.9% (HY Dec 2020: 20.4%), mainly due to product mix.

The signing of the Tabcorp Agreement on 26 August 2020 provides the Group with greater certainty over a long-term 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 FY2021 purchases, 2.5% for FY2022 purchases, 3.5% for FY2023 purchases and 4.65% for FY2024 purchases onward for the remainder of the Agreement. If the cost of ticket purchases exceeds \$400,000,000 in any applicable financial year then a service fee of 4.65% applies to that excess amount.

Cost of Sales increased by \$6,611,000 or 37.2% due to increased TTV (increased merchant fees and intercompany software fee to SaaS) and the step-up in Tabcorp service fee to 2.5% or \$4,575,000 (HY Dec 2020: 1.5% or \$1,876,000). This had the effect of reducing the gross profit margin to 47.9% (HY Dec 2020: 53.0%)

A software licence fee of 7.5% of relevant Lottery Retailing TTV, is based on an independent international benchmarking report, and reflects an intersegment payment to the SaaS segment in respect of licencing of the

Powered By Jumbo (**PBJ**) software platform and use of the data analytics used by the Lottery Retailing segment.

The single largest expense is Marketing of \$4,308,000, increased by \$1,853,000 or 75.5%, which is mainly customer acquisition costs of \$3,983,000 (HY Dec 2020: \$2,327,000) and tends to fluctuate in line with TTV/Revenue growth, followed by Employee benefits expenses \$1,517,000 (HY Dec 2020: \$1,413,000) in respect of staff employed in the segment of which the majority are digital marketing and customer support staff and allocated indirect employee expenses.

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

Jumbo's SaaS segment licences the PBJ lottery software platform to several customers domestically and internationally, including to ozlotteries.com, and develops, improves, and maintains the PBJ proprietary platform. The first international customers, St Helena Hospice, went live in December 2021. Expenses in the USA relating to efforts to enter this market are included in this segment.

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 customised 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. 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 2021 \$'000	HY Dec 2020 \$'000	Change \$'000	Change %
TTV – Third-party	81,476	39,934	41,542	>100
Revenue	21,496	15,482	6,014	38.8
– external	4,010	1,638	2,372	>100
– internal	17,486	13,844	3,642	26.3
Gross profit	21,348	15,468	5,880	38.0
Operating expenses	(6,560)	(5,060)	1,500	29.6
EBITDA	14,788	10,408	4,380	42.1
Revenue/TTV - external	4.9%	4.1%	0.8ppt	19.5
Gross profit/Revenue	99.3%	99.9%	(0.6ppt)	(0.6)
Opex/Revenue	30.5%	32.7%	(2.2ppt)	(6.7)
EBITDA/Revenue	68.8%	67.2%	1.6ppt	2.4

A key event in the pcp HY December 2020 was the transfer of Western Australia customers to Lotterywest from 21 December 2020 which is effectively a transfer of TTV at a margin of ~20% from Lottery Retailing to SaaS at a margin of 9.5% for these customers per the table below:

	HY Dec 2021 \$'000	HY Dec 2020 \$'000	HY Change %
TTV – Third-party	81,476	39,934	>100
Plus: Lotterywest	-	15,964	>100
Underlying TTV	81,476	55,898	45.8
Revenue - external	4,010	1,638	>100
Plus: Lotterywest	-	1,517	>100
Underlying Revenue	4,010	3,155	27.1

Underlying TTV has increased by \$41,642,000 or 46.0% to \$81,476,000 (HY Dec 2020: \$39,834,000) mainly due to the half-year period that has seen all Australian customers at full scale generating TTV for the full period and includes Lotterywest for the full period as a SaaS customer compared to the pcg.

One of the two lottery programs operated by St Helena Hospice UK went live towards the end of November 2021 and the remaining program is expected to go live towards the end of Q4 FY2022. In aggregate, the program is expected to contribute TTV of ~\$10,000,000 and Revenue of ~\$400,000 in FY2023. The launch of this service will act as a catalyst for further UK-based SaaS agreements.

External TTV through the PBJ platform has increased by \$41,542,000 to \$81,476,000 leading to an increase in external Revenue of \$2,372,000 to \$4,010,000 (HY Dec 2020: \$1,638,000).

Employee benefits is the single largest expense at \$4,650,000 (HY Dec 2020: \$3,358,000) for staff in this segment which are mainly software engineers and allocated indirect employee expenses.

The Group continues to actively evaluate opportunities to enter the USA market. Costs associated with this work is included in this segment and principally consists of the costs of our international lottery advisor in the pcg and now our employee costs of our Chief Commercial Officer in the current half-year period.

### (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 segment operates as Jumbo Fundraising (**JF**) in Australia and Gatherwell Ltd as an External Lottery Manager (**ELM**) in the UK.

	HY Dec 2021	HY Dec 2020	Change	Change
	\$'000	\$'000	\$'000	%
TTV – Third-party	11,803	7,158	4,645	64.9
Revenue	2,104	1,494	610	40.8
Gross profit	1,876	1,320	556	42.1
Operating expenses	(1,367)	(856)	511	59.7
EBITDA	509	464	45	9.7
Revenue/TTV	17.8%	20.9%	(3.1ppt)	(14.8)
Gross profit/Revenue	89.2%	88.3%	0.9ppt	1.0
Opex/Revenue	65.0%	57.3%	7.7ppt	13.4
EBITDA/Revenue	24.2%	31.1%	(6.9ppt)	(22.2)

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 segment 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 marketed through the [ozlotteries.com](https://www.ozlotteries.com) website in the Lottery Retailing segment.

JF signed its first two charity customers, Paralympics Australia and St John Ambulance (VIC) in February 2021 which went live towards the end of June 2021, contributing TTV of \$436,000 and Revenue of \$100,000 in the current half-year period.

The Gatherwell business in the UK operates as an External Lottery Manager (**ELM**) with 15 staff and provides lottery manager services to 108 charities (HY Dec 2020: 86) supporting 10,225 good causes (HY Dec 2020: 8,047). A comparison of the half-year periods on a 6-month like-for-like basis is as follows:

GBP £'000s	HY Dec 2021	HY Dec 2020	Change £	Change %
TTV – Third-party	6,186	3,963	2,223	56.1
Revenue	1,100	845	255	30.2
EBITDA	332	305	27	8.9
EBIT	331	303	28	9.2

There have been increased investments in marketing and staff to position the Gatherwell business for continued growth in the years ahead.

#### (d) 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 2021	HY Dec 2020	Change
Operating expenses	(3,147)	(3,353)	(6.1%)

The \$206,000 decrease in expenses are mainly (i) increase in share-based payments of \$225,000 largely due to long-term incentives 'scaling-up' over the 3-year term, (ii) decrease in consulting and legal costs by \$743,000 for one-off expenses relating to the Tabcorp 10-year agreement in the pcg, (iii) increase of \$339,000 in other expenses mainly insurance-related expenses \$263,000 with increased cover and premiums, and (iv) decrease in fair value movement on financial liabilities \$87,000 in respect of the final earnout payment for the Gatherwell acquisition after 30 June 2021.

#### (e) Reconciliation of statutory EBITDA

	HY Dec 2021 \$'000	HY Dec 2020 \$'000
Lottery retailing EBITDA	15,844	15,377
SaaS EBITDA	14,788	10,408
Managed Services EBITDA	509	464
Reconciling items (refer to item (d) above)	(3,147)	(3,353)
Other revenue - Group	228	187
Group EBITDA	28,222	23,083

## CHANGES IN FINANCIAL POSITION

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

	<b>31 Dec 2021</b>
	<b>\$'000</b>
(a) Increase in cash of \$12,558,000 (net of foreign exchange differences \$80,000) resulting from:	
	<b>\$'000</b>
➤ Cash raised from the issue of shares	163
➤ Dividends paid (see Statement of Cash Flows for details)	(11,555)
➤ Cash provided by operating activities (see Statement of Cash Flows for details)	27,546
➤ Cash used in investing activities (see Statement of Cash Flows for details)	(3,175)
➤ Payment of lease liabilities in financing activities (see Statement of Cash Flows for details)	(501)
	<u>12,478</u>
(b) Decrease in non-current assets of \$988,000 resulting from:	
	<b>\$'000</b>
➤ Investment in website development costs net of amortisation	(651)
➤ Changes in other non-current assets – see Statement of Financial Position	(337)
	<u>(988)</u>
(c) Increase in current liabilities of \$3,726,000 resulting from:	
	<b>\$'000</b>
➤ Trade and other payables – timing of weekly in payment for ticket purchases weekly in arrears	3,737
➤ Other liabilities – see Statement of Financial Position	(11)
	<u>3,726</u>
(d) Increase in non-current liabilities of \$270,000 resulting from:	
	<b>\$'000</b>
➤ Changes in other non-current liabilities – see Statement of Financial Position	(270)
	<u>(270)</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 2021

		Half Year	
		2021	2020
	Note	\$'000	\$'000
Revenue	3	52,841	40,939
Cost of sales	4	(7,252)	(4,095)
Gross profit		45,589	36,844
Other revenue/income	3	259	325
<b>Expenses</b>			
Distribution expenses		(10)	(8)
Marketing costs		(4,682)	(2,600)
Occupancy expenses		(55)	(46)
Administrative expenses	4	(17,116)	(15,254)
Finance costs		(98)	(101)
Fair value movement on financial liabilities		-	(87)
<b>Profit before income tax expense</b>		23,887	19,073
Income tax expense		(7,479)	(5,912)
<b>Profit after income tax expense for the half year attributable to the owners of Jumbo Interactive Limited</b>		16,408	13,161
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		(295)	(109)
Other comprehensive income for the half year, net of tax		(295)	(109)
<b>Total comprehensive income for the half year attributable to the owners of Jumbo Interactive Limited</b>		16,113	13,052
<b>Earnings per share (cents per share)</b>		<b>Cents</b>	<b>Cents</b>
<b>From operations</b>			
Basic earnings per share	5	26.3	21.1
Diluted earnings per share	5	26.0	20.9

The above Consolidated 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 2021

		31 December 2021	30 June 2021
	Note	\$'000	\$'000
<b>Current Assets</b>			
Cash and cash equivalents	6	75,697	63,139
Trade and other receivables		3,138	3,557
Inventories		30	16
Other current assets		-	1,807
<b>Total current assets</b>		<u>78,865</u>	<u>68,519</u>
<b>Non-current assets</b>			
Property, plant and equipment		523	396
Intangible assets	7	38,829	39,480
Right-of-use assets		3,307	3,831
Deferred tax assets		1,607	1,547
<b>Total non-current assets</b>		<u>44,266</u>	<u>45,254</u>
<b>Total assets</b>		<u>123,131</u>	<u>113,773</u>
<b>Current liabilities</b>			
Trade and other payables	8	24,033	19,296
Current tax liabilities		1,248	433
Employee benefit obligations		741	699
Lease liabilities		952	1,013
Contingent consideration at fair value	11	-	1,807
<b>Total current liabilities</b>		<u>26,974</u>	<u>23,248</u>
<b>Non-current liabilities</b>			
Employee benefit obligations		605	605
Make good provisions		22	22
Lease liabilities		2,681	3,120
Deferred tax liabilities		2,161	1,452
<b>Total non-current liabilities</b>		<u>5,469</u>	<u>5,199</u>
<b>Total liabilities</b>		<u>32,443</u>	<u>28,447</u>
<b>Net assets</b>		<u>90,688</u>	<u>85,326</u>
<b>Equity</b>			
Contributed equity	9	80,340	80,177
Accumulated losses		(17,399)	(17,399)
Profits appropriation reserve		25,982	21,129
Other reserves		1,765	1,419
<b>Total equity</b>		<u>90,688</u>	<u>85,326</u>

The above Consolidated 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 2021

	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 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
<b>Total comprehensive income for the half year</b>							
Profit for the half year	-	-	13,798	-	-	-	13,798
Other comprehensive income	-	-	-	-	358	-	358
Total comprehensive income for the half year	-	-	13,798	-	358	-	14,156
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid	-	-	(11,241)	-	-	-	(11,241)
Share-based payments	-	-	-	552	-	-	552
	-	-	(11,241)	552	-	-	(10,689)
<b>Balance at 30 June 2021</b>	80,177	(17,399)	21,129	4,227	(506)	(2,302)	85,326



	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 2021</b>	80,177	(17,399)	21,129	4,227	(506)	(2,302)	85,326
<b>Total comprehensive income for the half year</b>							
Profit for the half year	-	-	16,408	-	-	-	16,408
Other comprehensive income	-	-	-	-	(295)	-	(295)
Total comprehensive income for the half year	-	-	16,408	-	(295)	-	16,113
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares	163	-	-	-	-	-	163
Dividends paid	-	-	(11,555)	-	-	-	(11,555)
Share-based payments	-	-	-	641	-	-	641
	163	-	(11,555)	641	-	-	(10,751)
<b>Balance at 31 December 2021</b>	80,340	(17,399)	25,982	4,868	(801)	(2,302)	90,688

The above Consolidated 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 2021

		Half Year	
	Note	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		59,699	45,523
Payments to suppliers and employees		(26,070)	(20,315)
Interest received		31	138
Interest and other costs of finance paid		(98)	(101)
Income tax paid		(6,016)	(6,083)
Net cash provided by operating activities	6(b)	27,546	19,162
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(210)	(25)
Payments for intangibles	7	(2,965)	(3,366)
Payment for extension of Tabcorp agreement	7	-	(15,000)
Net cash used in investing activities		(3,175)	(18,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(501)	(505)
Proceeds from issue of shares	9	163	88
Dividends paid	10	(11,555)	(10,616)
Net cash used in financing activities		(11,893)	(11,033)
Net increase/(decrease) in cash and cash equivalents		12,478	(10,262)
Net foreign exchange differences		80	2
Cash and cash equivalents at beginning of half year		63,139	72,259
Cash and cash equivalents at end of half year	6(a)	75,697	61,999

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the half year ended 31 December 2021**

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

These general-purpose financial statements for the half year reporting period ended 31 December 2021 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 2021 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 2021 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**

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. Comparatives for December 2020 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 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 operating segments for the half year is as follows:

<b>Half year ended 31 December 2021</b>	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment eliminations \$'000s</b>	<b>Total \$'000</b>
TTV <sup>1</sup>	234,655	81,476	11,803	-	327,934
– Company	234,655	-	-	-	234,655
– Third-party	-	81,476	11,803	-	93,279
Total segment sales revenue from external customers	46,727	4,010	2,104	-	52,841
Intersegment sales revenue	-	17,486	-	(17,486)	-
Total segment sales revenue	46,727	21,496	2,104	(17,486)	52,841
Cost of sales	(24,362)	(148)	(228)	17,486	(7,252)
Gross profit	22,365	21,348	1,876	-	45,589
Finance costs	-	-	(6)	-	(6)
Employee benefits expense	(1,517)	(4,650)	(899)	-	(7,066)
Directors' remuneration	(4)	-	-	-	(4)
Consultancy and legal expenses	(18)	(60)	(2)	-	(80)
Marketing expenses	(4,308)	(258)	(108)	-	(4,674)
Corporate expenses	(1)	(1)	(30)	-	(32)
Technology expenses	(76)	(722)	(50)	-	(848)
Office expenses	(62)	(97)	(39)	-	(198)
Other expenses	(535)	(772)	(233)	-	(1,540)
Operating expenses	(6,521)	(6,560)	(1,367)	-	(14,448)
EBITDA <sup>1</sup>	15,844	14,788	509	-	31,141

<sup>1</sup> This is a non-IFRS measure, and the details and reconciliation are in the Financial Review.

	<b>Total</b>
	<b>\$'000</b>
<b>Reconciliation to Statutory Consolidated results</b>	
	<b>\$'000</b>
<b>Total segment revenue</b>	<b>52,841</b>
<b>Consolidated Revenue (see note 3)</b>	<b>52,841</b>
<b>Total segment EBITDA</b>	<b>31,141</b>
<i>Other reconciling items (Corporate)</i>	
Finance costs	(23)
Employee benefits expense	(739)
Share-based payments	(641)
Directors remuneration	(267)
Consultancy and legal expenses	(246)
Marketing expenses	(8)
Corporate expenses	(333)
Technology expenses	(11)
Other expenses	(879)
Fair value movement on financial liabilities	-
Consolidated operating profit	27,994
Other revenue	228
Consolidated EBITDA <sup>1</sup>	28,222
Depreciation and amortisation	(4,298)
Consolidated EBIT <sup>1</sup>	23,924
Net interest – revenue	(37)
Consolidated Net profit before tax	23,887
Income tax expense	(7,479)
<b>Consolidated Net profit after tax (see Profit or Loss)</b>	<b>16,408</b>

<sup>1</sup> This is a non-IFRS measure and is reconciled to Net profit before tax in this table

<b>Half year ended 31 December 2020</b>	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment eliminations \$'000s</b>	<b>Total \$'000</b>
TTV <sup>1</sup>	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 <sup>1</sup>	15,377	10,408	464	-	26,249

<sup>1</sup> This is a non-IFRS measure, and the details and reconciliation are in the Financial Review.

**Total**

	<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 <sup>1</sup>	23,083
Depreciation and amortisation	(4,057)
Consolidated EBIT <sup>1</sup>	19,026
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>

<sup>1</sup> This is a non-IFRS measure and is reconciled to Net profit before tax in this table



### NOTE 3: REVENUE AND OTHER INCOME

		<b>Consolidated Group</b>	
		<b>Half Year</b>	
		<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue			
— Revenue from sale of goods <sup>1</sup>		697	1,508
— Revenue from rendering services <sup>1</sup>		52,144	39,431
Revenue		<u>52,841</u>	<u>40,939</u>
Other income/revenue			
— Interest received			
- Cash		31	138
— Other revenues			
- Foreign exchange gains		222	136
- Other		6	51
		<u>259</u>	<u>325</u>
Total		<u>53,100</u>	<u>41,264</u>

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

#### Disaggregation of revenue from contracts with customers

<b>Half year Dec 2021</b>	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment elimination \$'000</b>	<b>Total \$'000</b>
<b>Main geographic markets</b>					
Australia (domicile)	42,582	21,487	100	(17,486)	46,683
United Kingdom	-	9	2,004	-	2,013
Fiji	430	-	-	-	430
Other overseas eligible jurisdictions	3,715	-	-	-	3,715
	<u>46,727</u>	<u>21,496</u>	<u>2,104</u>	<u>(17,486)</u>	<u>52,841</u>
<b>Customer type</b>					
B2C	46,727	-	-	-	46,727
B2B	-	19,920	2,104	(17,486)	4,538
B2G	-	1,576	-	-	1,576
	<u>46,727</u>	<u>21,496</u>	<u>2,104</u>	<u>(17,486)</u>	<u>52,841</u>
<b>Main products and services</b>					
Draw lottery games	43,515	-	-	-	43,515
Charity lottery games	1,658	-	-	-	1,658
Instant win games	321	-	-	-	321
Software licencing fees	-	21,496	-	(17,486)	4,010
Lottery management fees	-	-	2,104	-	2,104

<b>Half year Dec 2021</b>	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment elimination \$'000</b>	<b>Total \$'000</b>
Other	1,233	-	-	-	1,233
	46,727	21,496	2,104	(17,486)	52,841
Other revenue/income					259
<b>External revenue and other income as reported in Note 2 above</b>					53,100

<b>Half year Dec 2020</b>	<b>Lottery Retailing \$'000</b>	<b>SaaS \$'000</b>	<b>Managed Services \$'000</b>	<b>Intersegment elimination \$'000</b>	<b>Total \$'000</b>
<b>Main geographic markets</b>					
Australia (domicile)	32,673	15,482	-	(13,845)	34,311
United Kingdom	-	-	1,494	-	1,494
Fiji	1,467	-	-	-	1,467
Other overseas eligible jurisdictions	3,667	-	-	-	3,667
	37,807	15,482	1,494	(13,945)	40,939
<b>Customer type</b>					
B2C	37,807	-	-	-	37,807
B2B	-	15,400	1,494	(13,845)	3,050
B2G	-	82	-	-	82
	37,807	15,482	1,494	(13,845)	40,939
<b>Main products and services</b>					
Draw lottery games	34,947	-	-	-	34,947
Charity lottery games	1,746	-	-	-	1,746
Instant win games	146	-	-	-	146
Software licencing fees	-	15,482	-	(13,845)	1,637
Lottery management fees	-	-	1,494	-	1,494
Other	967	-	-	-	967
	37,807	15,482	1,494	(13,845)	40,939
Other revenue/income					325
<b>External revenue and other income as reported in Note 2 above</b>					41,264

#### NOTE 4: PROFIT FOR THE HALF YEAR

	<b>Consolidated Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>Half Year</b>	
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax includes the following specific expenses:		
Cost of sales		
— Sale of goods	225	346
— Rendering of services	7,027	3,749
	7,252	4,095
Finance costs expensed		
— interest and finance charges paid/payable on borrowings	29	10
— interest and finance charges paid/payable on lease liabilities	69	91
Finance costs expensed	98	101
Administrative expenses		
Depreciation of non-current assets		
— Plant and equipment	65	64
Amortisation of non-current assets		
— Leasehold improvements	19	19
— Intangibles	3,688	3,418
— Right-of-use assets	526	556
Total depreciation and amortisation	4,298	4,057
Other administrative expenses		
— Employee benefits expense	7,010	5,391
— Share-based payments	641	416
— Defined contribution superannuation expense	795	714
Total employee benefits expenses	8,446	6,521
— Other administrative expenses	4,274	4,676
Total administrative expenses	17,116	15,254
Occupancy expenses		
— Short-term lease rentals minimum lease payments	55	46
Fair value movement on financial liabilities	-	87

#### NOTE 5: EARNINGS PER SHARE

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

	<b>Consolidated Group</b>	
	<b>Half Year</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Basic and diluted earnings per share</b>		
Profit from operations	16,408	13,161
Profit after tax attributable to owners of Jumbo Interactive Limited used to calculate basic earnings per share	16,408	13,161
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,455,422	62,447,527

<b>Basic and diluted earnings per share</b>	<b>Consolidated Group</b>	
	<b>Half Year</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,455,422	62,447,527
Adjustments for calculation of diluted earnings per share: — options/rights	619,746	586,730
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	63,075,168	63,034,257

## NOTE 6: CASH AND CASH EQUIVALENTS

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>31 December</b>	<b>30 June 2021</b>
		<b>2021</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
(a) Total cash and cash equivalents		75,697	63,139
<i>Included in the above balance:</i>			
General account balances		69,628	53,837
Online lottery customer account balances	8	6,069	9,302
		75,697	63,139

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

At the review period end 31 December 2021, \$1,208,000 (30 June 2021: \$1,066,000) 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 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</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	16,408	13,161
Non-cash flows		
Amortisation	4,233	3,993
Depreciation	65	64
Fair value on financial liabilities	-	87
Share-based payments	641	416
Net foreign exchange effects-gain	(449)	(34)

	<b>Consolidated Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in trade receivables	103	(220)
Decrease in other receivables	316	436
Decrease/(Increase) in inventories	(14)	14
Increase in DTA	(60)	(74)
Decrease in trade payables	(476)	(171)
Increase in other payables	5,213	1,525
Increase in other provisions	42	62
Increase in DTL	709	289
Increase/(decrease) in provision for income tax	815	(386)
Cash flow from operations	<u>27,546</u>	<u>19,162</u>

## 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	Intellectual Property	Website Development	Customer Contracts and Relationships	Software	Domain Names	Tabcorp Extension Fee	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021	9,278	30	14,240	884	564	844	13,625	15	39,480
Additions internally generated	-	-	2,965	-	-	-	-	-	2,965
Amortisation charge	-	-	(2,722)	(131)	(83)	-	(750)	(2)	(3,688)
Foreign exchange rate movement effects	61	-	(3)	9	5	-	-	-	72
Closing value at 31 December 2021	9,339	30	14,480	762	486	844	12,875	13	38,829

### 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.

### 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.

## NOTE 8: TRADE AND OTHER PAYABLES

Consolidated Group			
	Note	31 December 2021 \$'000	30 June 2021 \$'000
Total trade and other payables		24,033	19,296
<i>Included in the above balance:</i>			
Trade creditors and other payables		17,964	9,994
Customer funds payable	6	6,069	9,302
		24,033	19,296

## NOTE 9: ISSUED CAPITAL

	Half Year 2021		Half Year 2020	
	Shares	\$'000	Shares	\$'000
At the beginning of the reporting period	62,448,757	80,177	62,423,757	80,089
Shares issued during the year				
- Issue of shares	9,529	163	-	-
- Exercise of options	-	-	25,000	88
	62,458,286	80,340	62,448,757	80,177

## NOTE 10: DIVIDENDS

Consolidated Group			
Half Year			
	2021 \$'000	2020 \$'000	
<b>Ordinary shares</b>			
Dividends paid in cash during the financial year	11,555	10,616	
	11,555	10,616	

## 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

	Consolidated Group	
	31 December	30 June
	Note 2021 \$'000	2021 \$'000
Financial assets at FVOCI	-	-
Financial liabilities at FVTPL	-	1,807

	Consolidated Group	
	31 December	30 June
	2021 \$'000	2021 \$'000
Financial liabilities at fair value	-	-
Opening balance	1,807	3,338
Change in contingent consideration at fair value	(1,782)	(1,806)
FX translation (gain)/loss through profit or loss	(25)	98
Fair value movement recognised in profit or loss	-	177
Closing balance	-	1,807

The Milestone 2 (final) earnout at 30 June 2021 relating to the Gatherwell acquisition was reached during the half-year period and GBP1,000,000 (AUD1,807,000) paid in the current half-year period from the funds held in escrow by a third-party 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 Lotteries Retailing 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 2021 half year occurred inside the reportable period (on 31 December 2021) compared to outside the December 2020 half year on 2 January 2021. There were 23 OZ Lotto/ Powerball jackpots of \$15 million or more (**large jackpots**) during the December 2021 half year period, with a peak \$50 million OZ Lotto jackpot in November 2021 and a peak \$80 million Powerball jackpot in August and December 2021, compared to the December 2020 half year period of 15 OZ Lotto/ Powerball large jackpots with a peak \$50 million OZ Lotto jackpot in July 2020 and a peak \$80 million Powerball jackpot in July 2020.

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

	HY Dec 2021	HY Jun 2021	HY Dec 2020
Underlying TTV <sup>1</sup> – Lottery Retailing Australia	\$234.7 million	\$179.8 million	\$169.7 million
Underlying Revenue <sup>1</sup> – Lottery Retailing Australia	\$46.7 million	\$37.3 million	\$34.6 million
<b>OZ Lotto/ Powerball Division 1 of \$15 million or more</b>			
Number of jackpots of \$15 million or more	23	23	15
Average Division 1 jackpot of \$15 million or more	\$37.8 million	\$30.4 million	\$34.0 million
Peak Division 1 jackpot during the half year period	\$80 million	\$80 million	\$80 million

<sup>1</sup> Adjusted for Lotterywest as detailed and reconciled in the Review of Operations – Lottery Retailing.



## NOTE 13: CONTINGENT COMMITMENTS

Since the last annual reporting date, the material change in contingent commitments is:

### *Stride Management Inc. acquisition*

On 26 August 2021, the Group announced it had entered into an agreement to acquire 100% of Canadian lottery management provider Stride Management Inc. for a cash consideration of A\$11.7 million<sup>6</sup> (C\$11.0 million) subject to the satisfaction of certain conditions under the agreement.

The total consideration of A\$11.7 million<sup>5</sup> (C\$11.0 million) will be funded entirely from available cash with 70% (A\$8.2 million<sup>5</sup>, C\$7.7 million) payable on completion and the remaining 30% (A\$1.761 million<sup>5</sup>, C\$1.65 million) to be paid in two instalments in FY22 and FY23 subject to earnings hurdles being met.

As announced 14 December 2021, Alberta and Saskatchewan Gaming Regulator approval is required to complete the transaction, with such approval originally expected to occur in late calendar year 2021, and now expected to be received during Q4 FY2022.

## NOTE 14: EVENTS AFTER THE REPORTING PERIOD

On 27 January 2022, the Group announced it had entered into an agreement to acquire 100% of the StarVale Group (**StarVale**), through a newly incorporated wholly owned entity, Jumbo Interactive UK Ltd (as the purchaser), subject to satisfaction of certain conditions under the agreement.

StarVale is a leading UK External Lottery Manager and digital payments company, and the acquisition aligns with Jumbo's strategy to build scale in its Managed Services and Software-as-a-Service operating segments.

StarVale will be acquired for ~A\$32.1 million<sup>7</sup> (~£17.0 million), including cash of ~A\$9.4 million<sup>4</sup> (~£5.0 million), and up to ~A\$7.5 million<sup>4</sup> (£4.0 million) to ~A\$8.5 million<sup>4</sup> (£4.5 million) of deferred consideration, payable following 30 June 2023 and subject to achieving certain earnings hurdles. A new senior debt facility of \$30 million and general cash reserves will be used to fund the acquisition.

Completion of the transaction remains subject to UK Gambling Commission approval which is anticipated by the end of FY2022.

Apart from StarVale acquisition detailed above and the interim dividend declared of 22.0 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 2021.

<sup>6</sup> Based on exchange rate C\$0.94 = A\$1.00

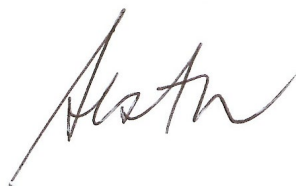
<sup>7</sup> Based on exchange rate £0.53 = A\$1.00

## **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 2021 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**

22 February 2022



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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 2021, 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 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 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 2021 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

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.


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 2021 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**

BDO  


**T J Kendall**

Director

Brisbane, 22 February 2022