

# 1H23 Results Presentation

For the half-year ended 31 December 2022

24 February 2023



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# Agenda

- 1 Business Update
- 2 Financial Results
- 3 Conclusion & FY23 outlook
- 4 Q&A



**Mike Veverka**  
CEO and Founder



**David Todd**  
CFO

# Business update

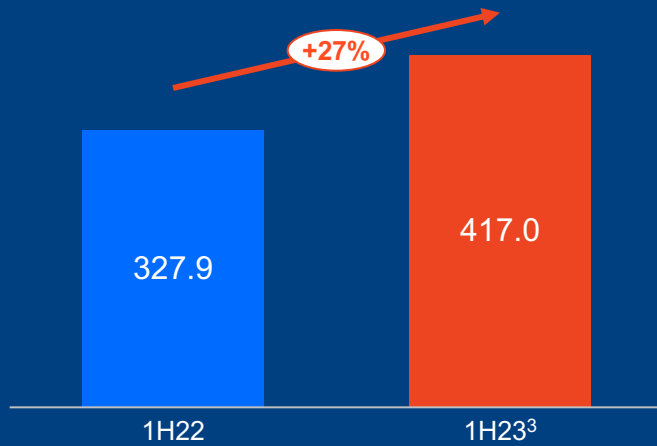


Mike Veverka  
CEO and Founder



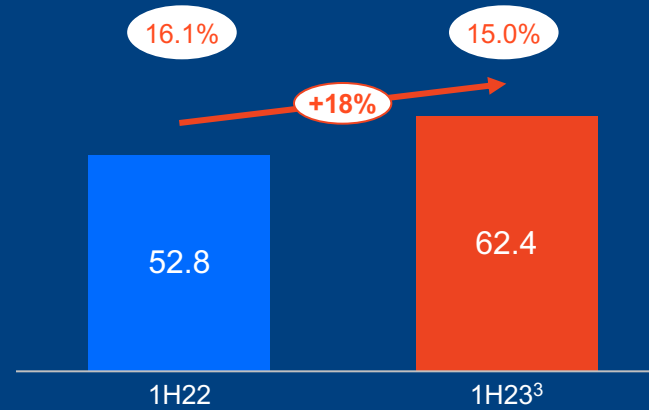
# 1H23 Group result overview

## TTV (\$m)



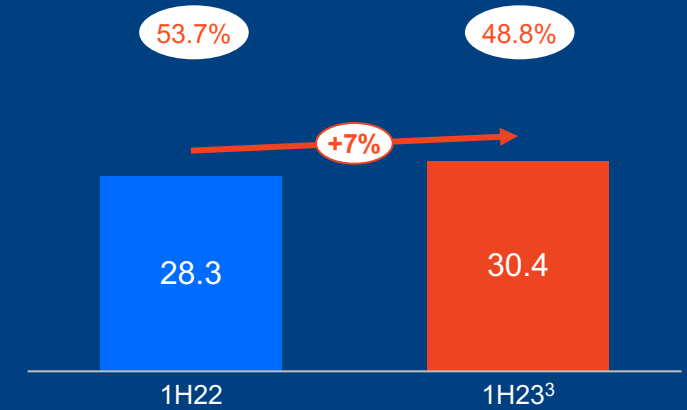
## Revenue (\$m)

Revenue margin



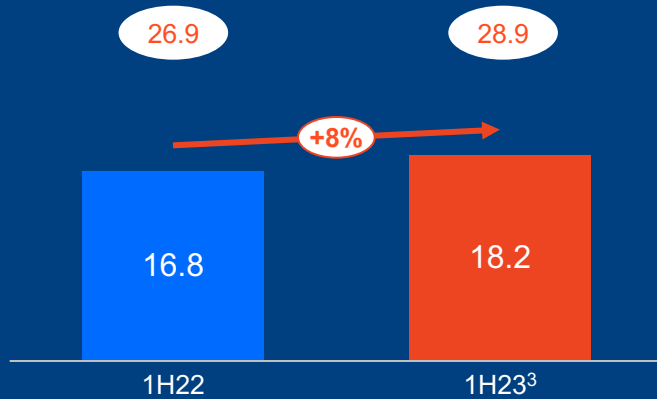
## Underlying EBITDA<sup>1</sup> (\$m)

Underlying EBITDA margin

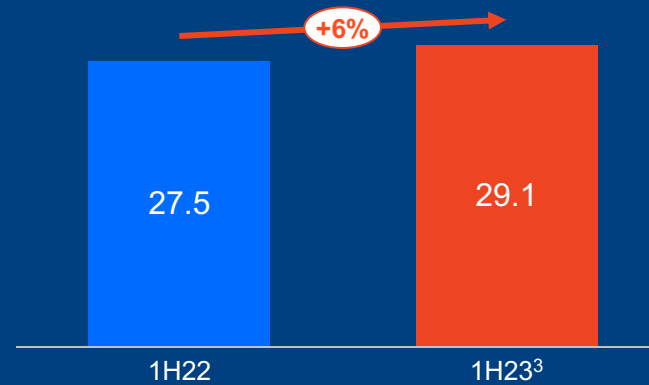


## Underlying NPATA<sup>1,2</sup> (\$m)

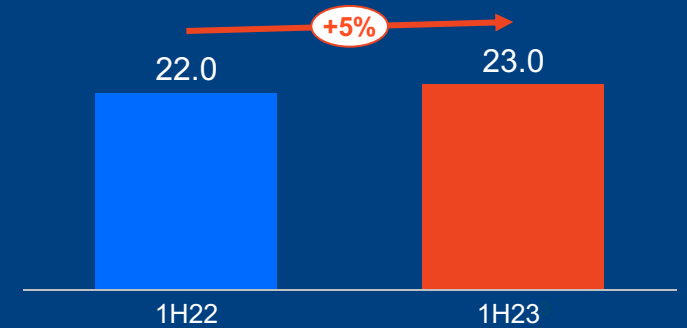
Underlying EPSA<sup>2</sup> (cps)



## Operating cashflow (\$m)



## Dividend declared (cps)



1. Reported EBITDA and NPATA adjusted for one-off costs of \$126k (pre-tax) and \$275k (pre-tax) in 1H22 and 1H23 respectively – see Appendix for further detail.

2. Net Profit After Tax / Earnings Per Share before amortisation of acquired intangible assets – see Appendix for further detail.

3. Includes a six-month contribution from Stride (completed 1 June 2022) and two-month contribution from StarVale (completed 1 November 2022) – see Appendix for further detail.

# 1H23 key highlights



## Lottery Retailing

- +8% TTV growth underpinned by a recovery in jackpots in 2Q
- Exceptional platform performance for \$160m Powerball with 100% uptime & record signups, checkouts and tickets sold per second



## SaaS

- +20%<sup>1</sup> underlying TTV growth driven by Mater and Lotterywest
- Extended Mater software licence agreement to November 2028



## Managed Services

- Completed acquisition of StarVale
- Stride first earn-out milestone achieved
- Accelerating Canadian expansion strategy



## Capability

- Refined operating model and ways of working
- Employee engagement and voluntary turnover at pre-pandemic levels
- Integration of acquisitions on track



## Balance sheet

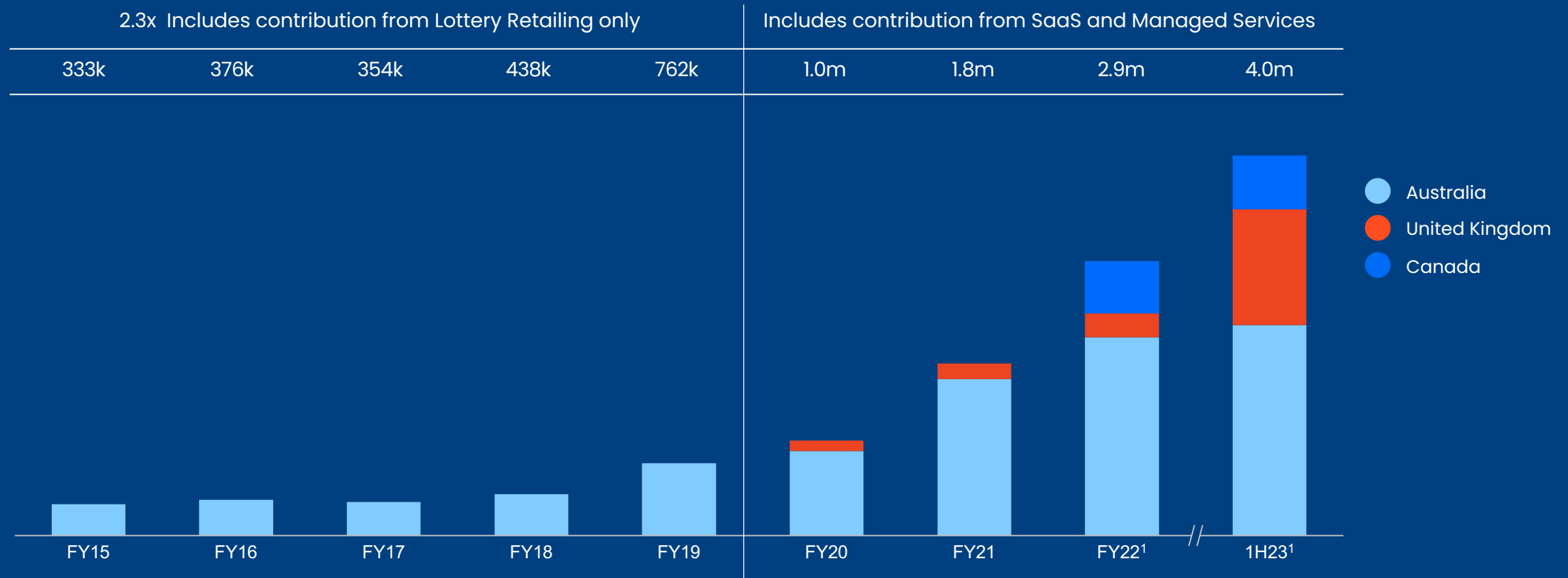
- Strong balance sheet and flexibility to support growth
- Disciplined approach to on-market share buy-back<sup>2</sup> with \$1.9m shares purchased as at 31 December 2022

1. Excludes impact of Intellitron Pty Ltd (sold 30 June 2022).

2. 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 has and continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the share buy-back program at any time. As at 31 December 2022, \$1.9m shares had been purchased at an average price of \$12.39.

# Active players provide the **foundation for future growth**

Active players who made a purchase in the 12-month period (FY15 – 1H23)

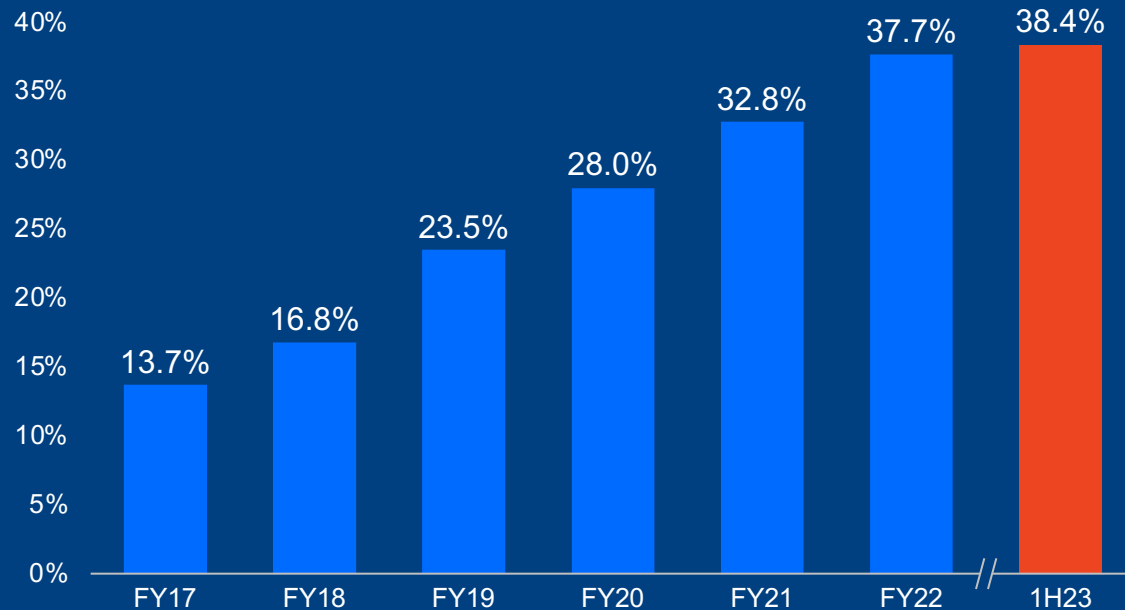


1. Stride active players restated to align with Group methodology (551k in FY22 and 567k in 1H23 versus ~750k previously). StarVale active players estimated for 1H23 (~950k).

# Lottery Retailing

- Australian digital sales of lottery tickets up to 38.4% (1H22: 36.9%)
- 23 large jackpots (Oz Lotto/Powerball  $\geq$  \$15m) (1H22: 23 jackpots)
- Average value per large jackpot up 10.3% to \$41.7m (1H22: \$37.8m)

**% of AUS lottery sales through the online channel<sup>1</sup>**



**Aggregate Division 1 Jackpots<sup>2</sup> (\$m)**



1. Source: The Lottery Corporation Limited 1H23 Results Presentation.  
 2. Oz Lotto/Powerball jackpots.



# Lottery Retailing

- 198,751 new players for the six months ended 31 December 2022, down 0.1% vs pcp (1H22: 198,912)
- \$17.85 cost per lead for the six months ended 31 December 2022, down 10.8% vs pcp (1H22: \$20.02)
- 983,831 active players for the 12-month period ending 31 December 2022, up 17.6% vs pcp (1H22: 836,582)
- \$463.20 average spend per online active player for the 12-month period ending 31 December 2022, down 0.3% (1H22: \$464.65)

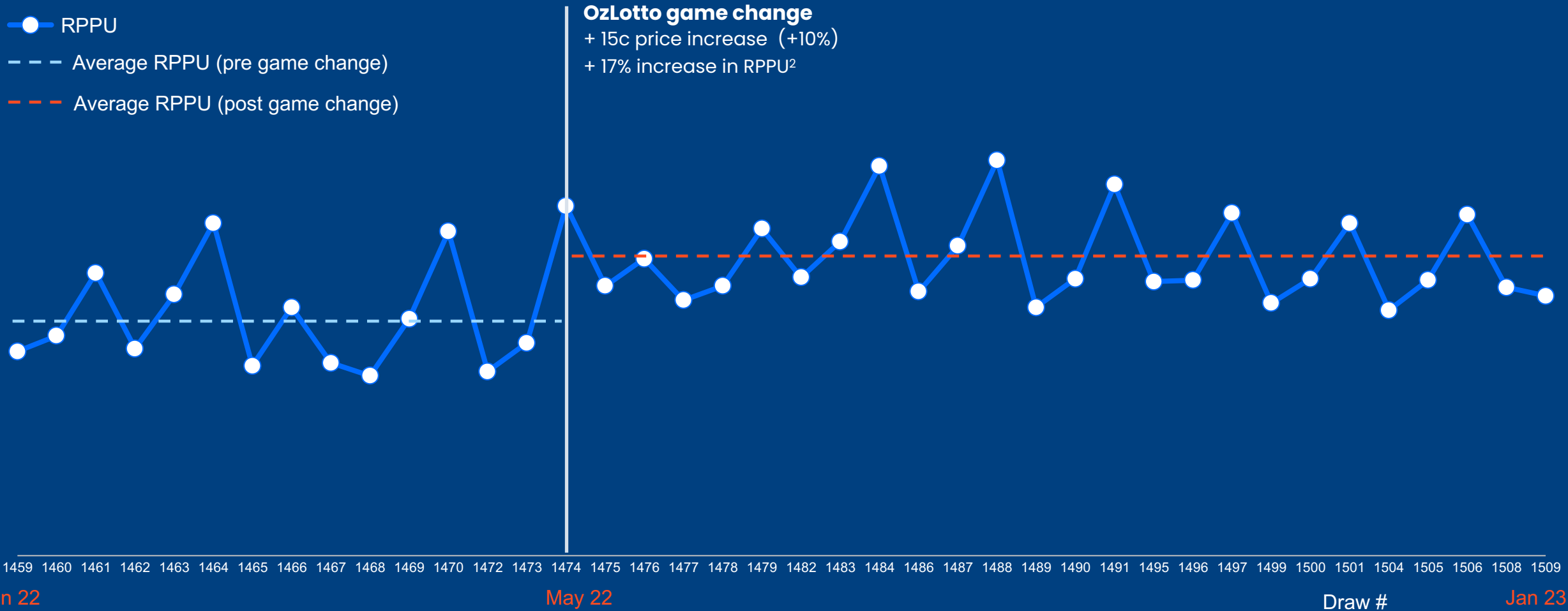
## Oz Lotteries Moving Annual Total (MAT)<sup>1</sup> TTV – by Fiscal Quarter



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

# OzLotto game change 2022

OzLotto RPPU<sup>1</sup> for jackpots ≤ \$10m (\$)



1. Revenue per paying user.  
 2. Increase in RPPU vs OzLotto average for draws between January 2022 and May 2022.

# Software-as-a-Service (SaaS)

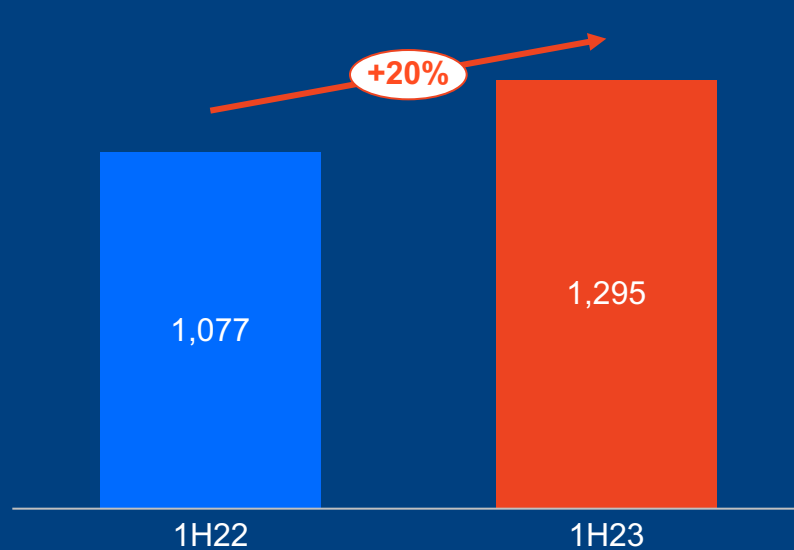
“

The Jumbo team has worked brilliantly with Lotterywest to create an opportunity for shared growth, it's the sort of creativity and collaboration that underpins our growing partnership in WA.

Ralph Addis  
CEO Lotterywest



## Active players ('000)



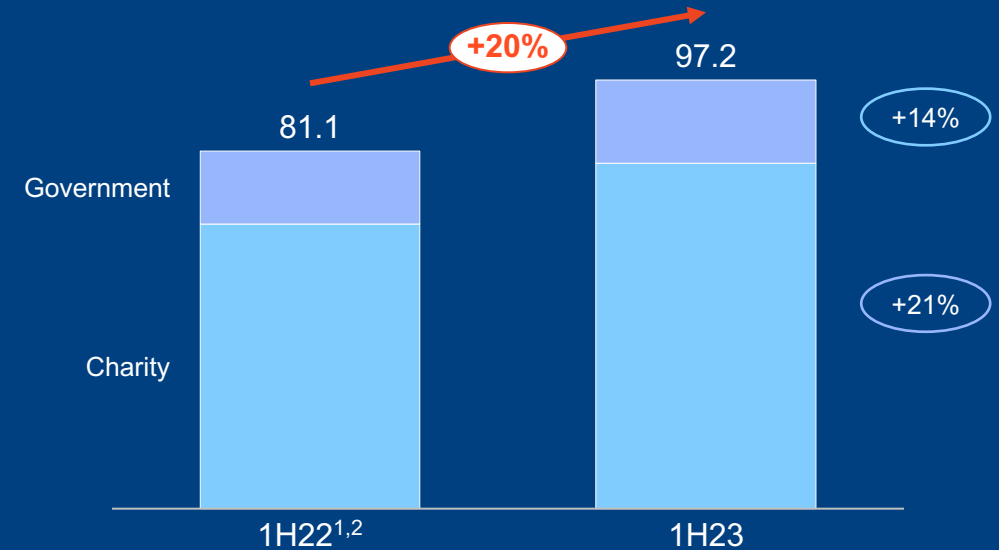
“

The adoption of the PBJ platform along with Jumbo's digital lottery expertise and collaborative approach have helped transform our lottery program.

Andrew Thomas  
CEO, Mater Foundation



## Underlying TTV (\$m)



1. 1H22 excludes \$0.4m impact of Intellitron Pty Ltd (sold 30 June 2022).  
2. Includes 1 month contribution from St Helena Hospice (UK) (with 1H23 reflecting the full run-rate).

# Managed Services – creating a **blueprint for acquisitions**



**STRIDE**

A JUMBO COMPANY



**gatherwell**

A JUMBO COMPANY



~12k  
good causes



119  
Local Government  
Authorities  
(total market ~400)



2.2k  
Schools using Your  
School Lottery  
(total market ~30k)

# Integration goals



## Uncover and execute growth opportunities

- ✓ British Columbia regulatory approval; Ontario application submitted
- ✓ Gatherwell provides gateway to large TAM (general fundraising sector)
- ✓ Hiring additional commercial roles in subsidiaries reporting into Group Head of Commercial



## Continuous two-way value exchange

- ✓ Refined operating model and ways of working
- ✓ Strong leadership (GMs) in place for all subsidiaries
- ✓ All GM's report into Group COO



## New teams align with Jumbo Core Values

- ✓ Standardisation of processes e.g. talent acquisition, L&D etc
- ✓ Roll out of reward and recognition program
- ✓ Integration of engagement and communication tools
- ✓ Strong focus on DEI and employee wellbeing
- ✓ New employee value proposition to launch in March



## Best of breed compliance, risk & player welfare standards

- ✓ Cross-functional review of data governance standards and infrastructure
- ✓ Enhanced Group compliance function
- ✓ Increased visibility, interaction and oversight to ensure best practices, including Responsible Play

# Evolution, not revolution



## Confidence we're empowering with the best technology

- ✓ All Tech and Product teams reporting into Group (head office)
- ✓ Targeted rollout of best-in-class growth & analytical tools
- ✓ Integrating all subsidiaries into a unified Business Intelligence platform / modern tech culture
- ✓ Global roadmap development – clear propositions for all platforms i.e. add capability rather than overlap

# Financial results

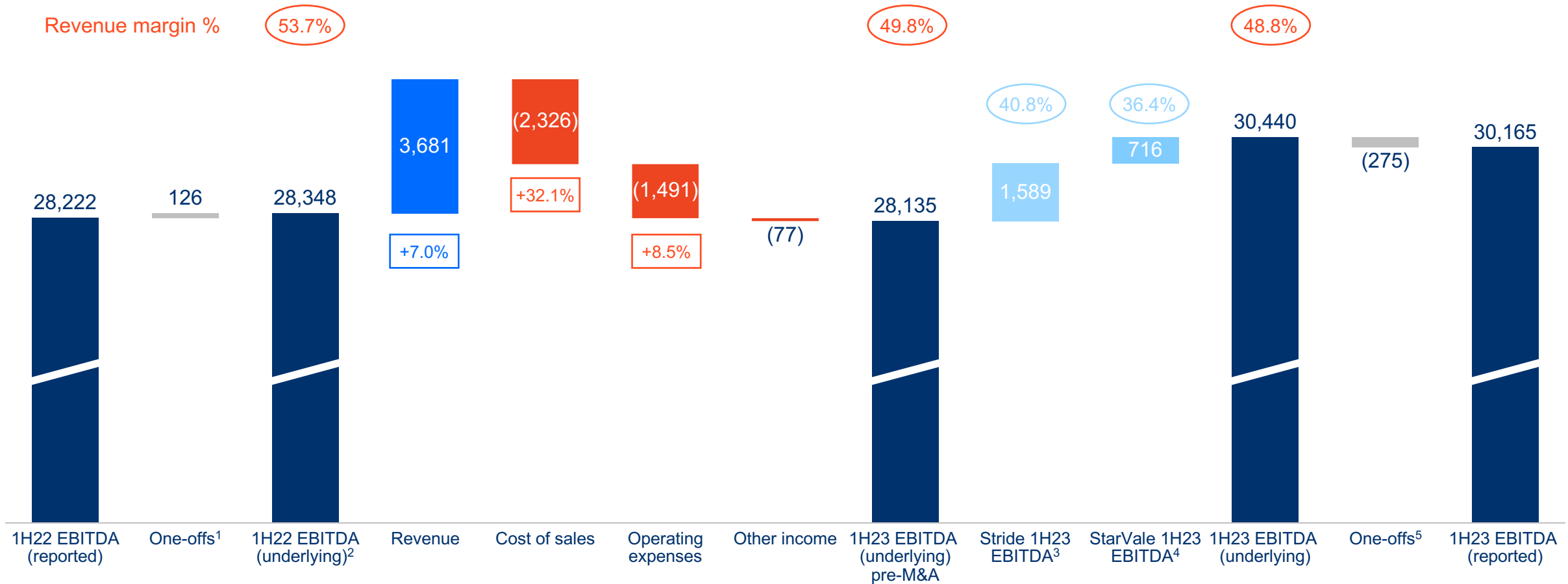


David Todd  
CFO



# Underlying EBITDA

## Underlying EBITDA 1H23 vs 1H22 (\$'000)



1. Consulting and legal fees associated with the acquisition of Stride.

2. Includes \$178k EBITDA from Intellitron Pty Ltd (sold on 30 June 2022).

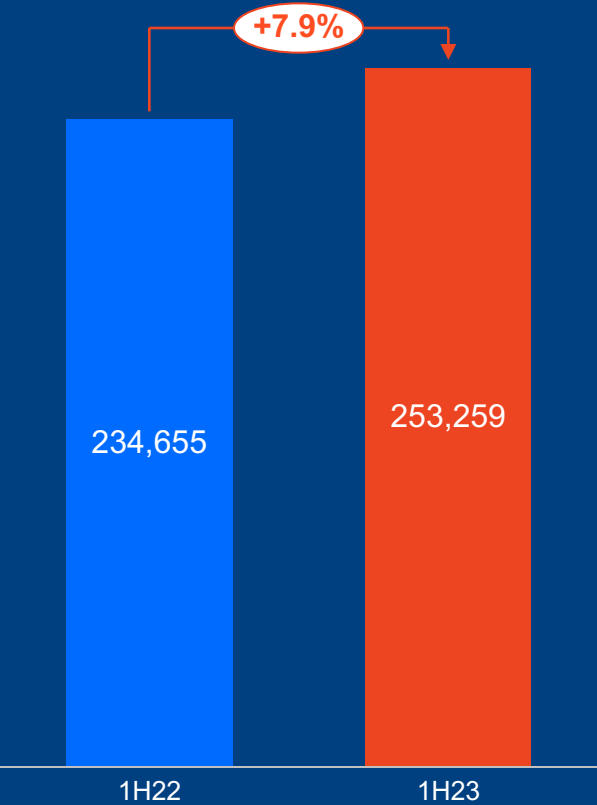
3. Includes a six month contribution from Stride (completed 1 June 2022); EBITDA includes \$22k of other income.

4. Includes a two month contribution from StarVale (completed 1 November 2022).

5. Includes consulting and legal fees associated with the acquisition of StarVale (\$154k), Fair Value movement on financial liabilities related to Stride (\$89k) and Investment disposal costs related to the sale of Intellitron Pty Ltd (\$32k).

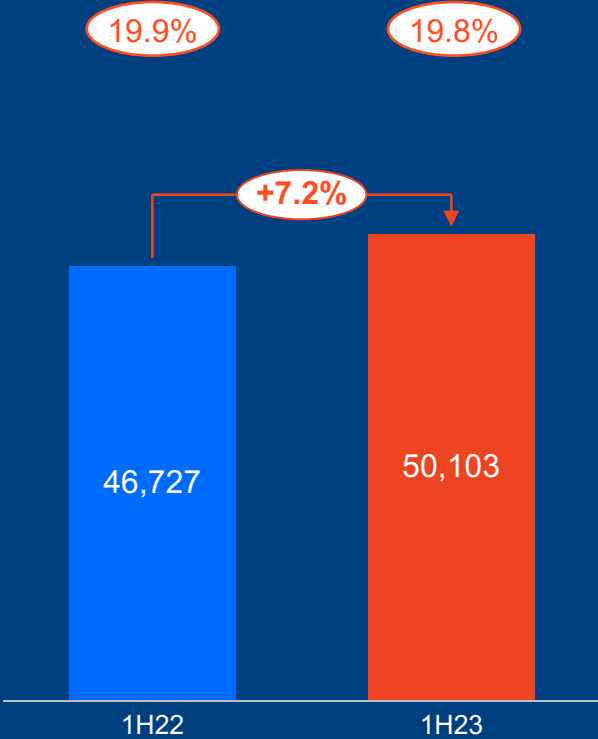
# Lottery Retailing

TTV (\$'000)



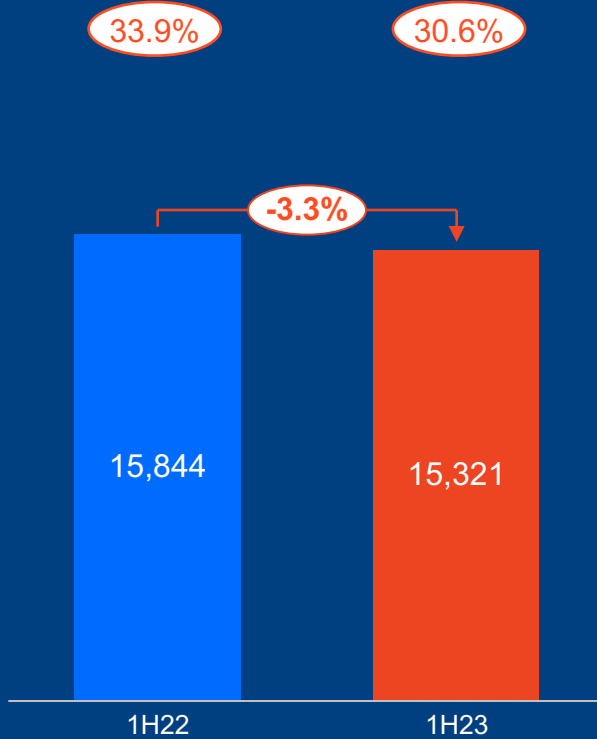
Revenue (\$'000)

Revenue margin %



EBITDA (\$'000)

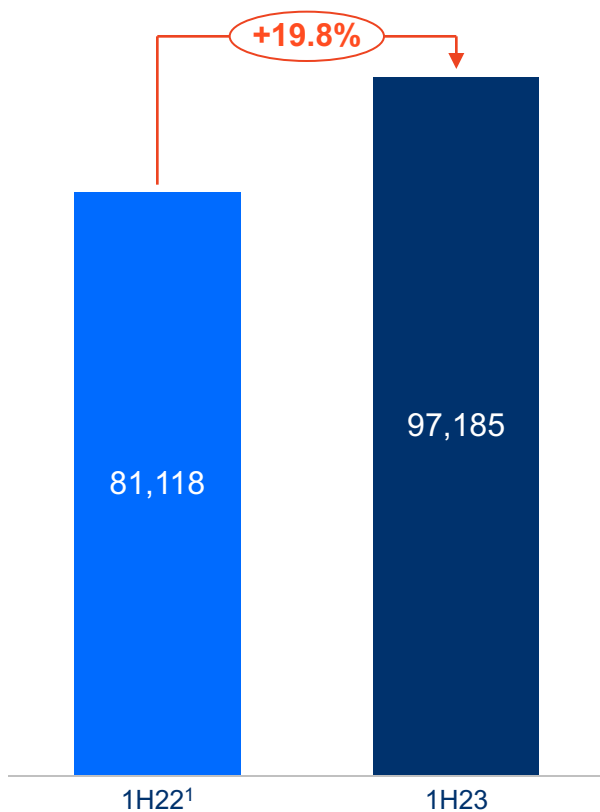
EBITDA margin %





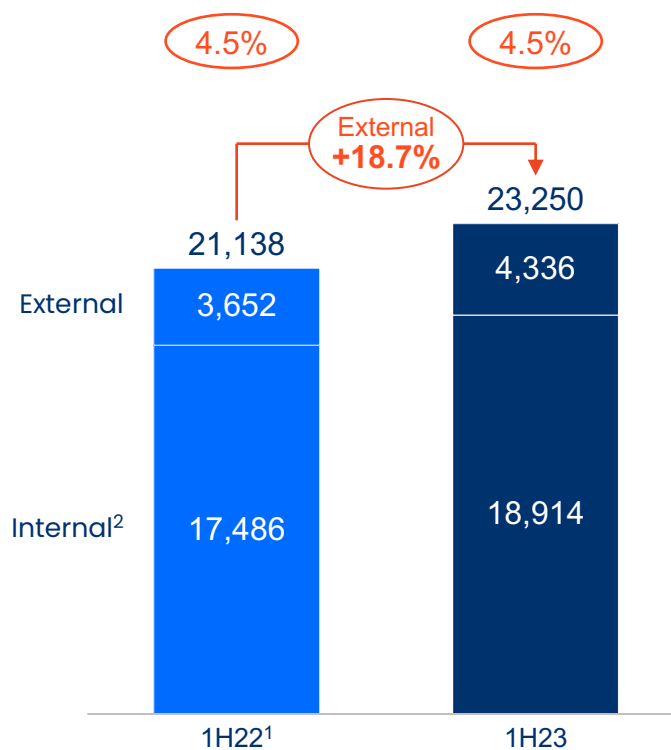
# Software-as-a-Service (SaaS)

Underlying TTV (\$'000)



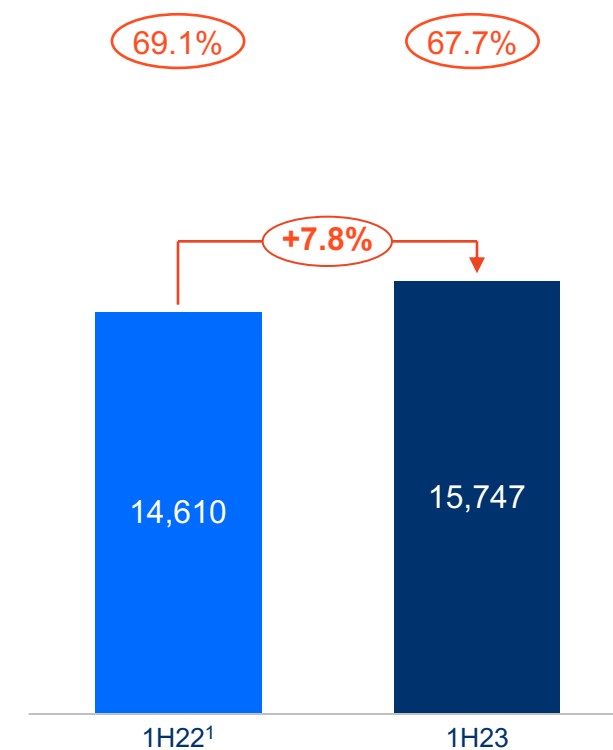
Underlying Revenue (\$'000)

External Revenue margin %



Underlying EBITDA (\$'000)

EBITDA margin %

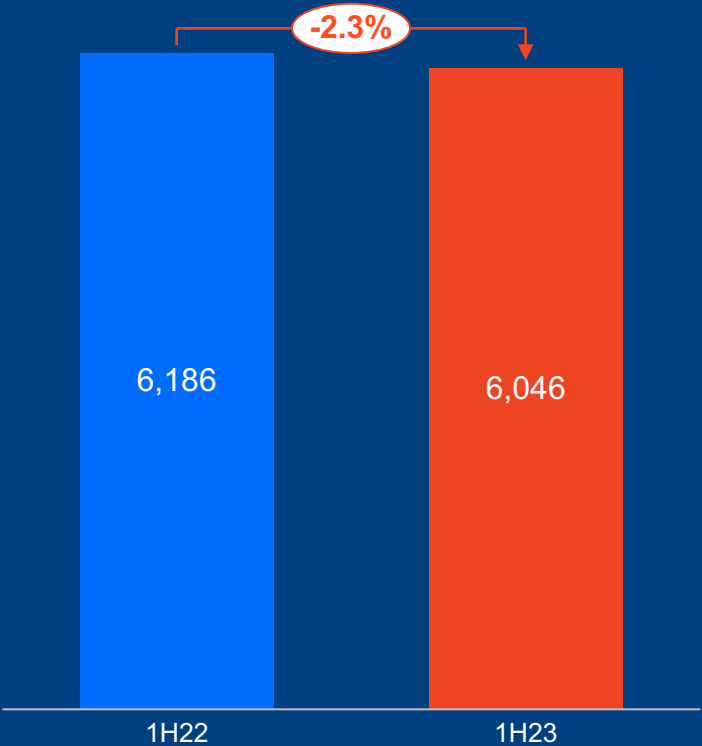


1. Excludes \$358k TTV/Revenue and \$178k EBITDA impact of Intellitron Pty Ltd (sold on 30 June 2022).

2. Lottery Retailing pays a licence fee (equivalent to 7.5% of relevant Lottery Retailing TTV) to SaaS, recognised in Lottery Retailing cost of sales and SaaS' internal revenue.

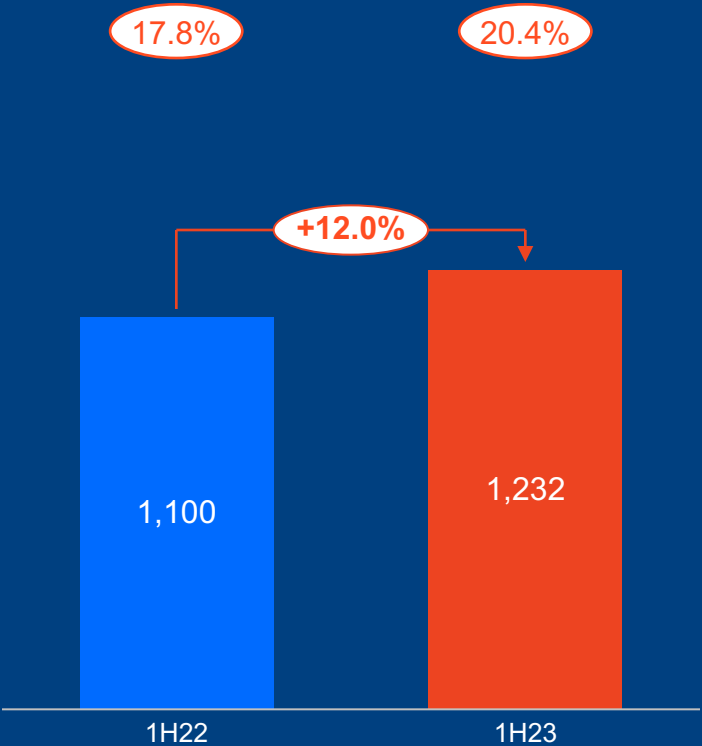
# Gatherwell (Managed Services)

Gatherwell TTV (£'000)



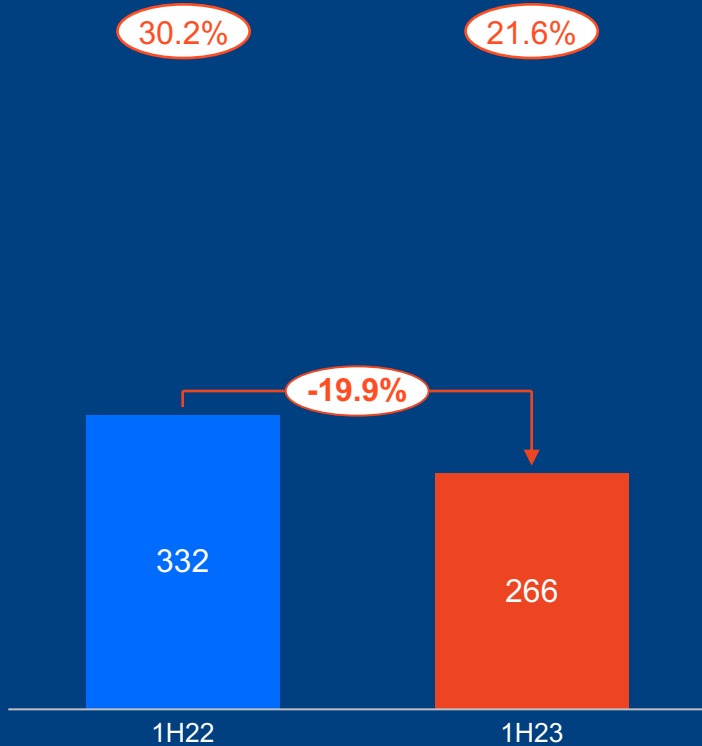
Gatherwell Revenue (£'000)

Revenue margin %



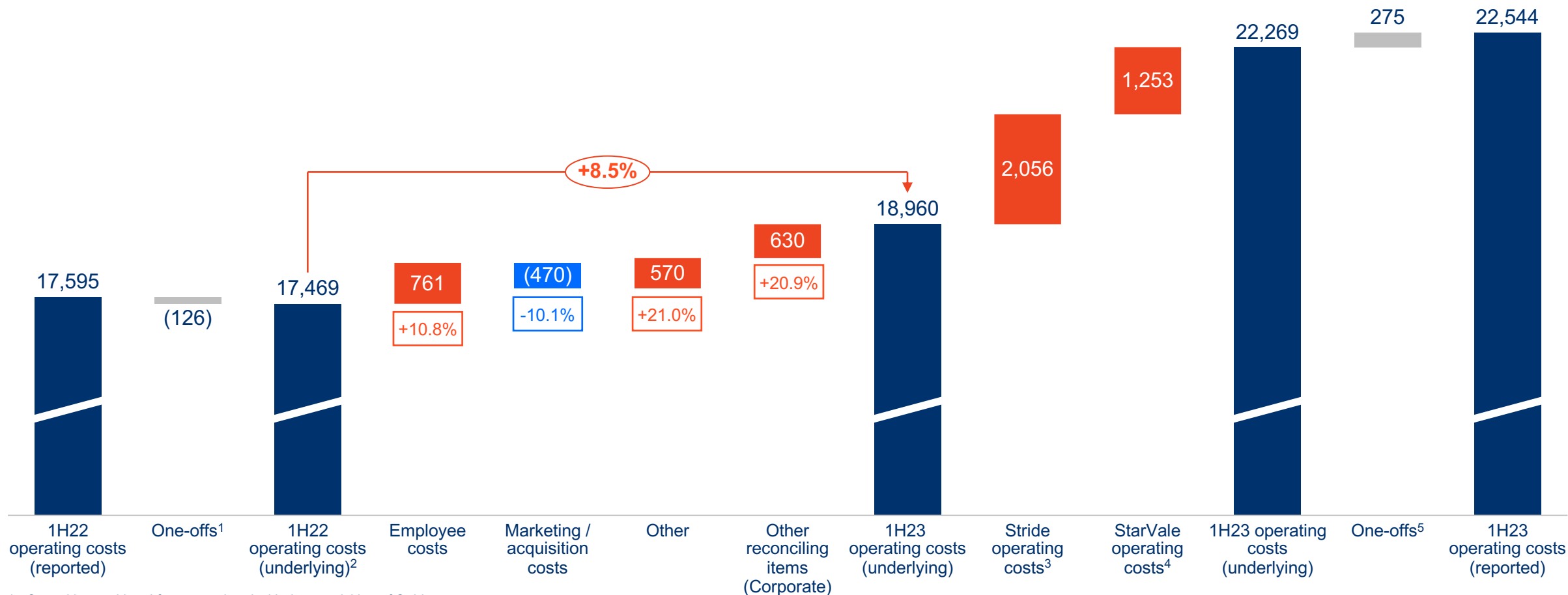
Gatherwell EBITDA (£'000)

EBITDA margin %



# Operating cost growth moderating

## Operating expenses 1H23 vs 1H22 (\$'000)



1. Consulting and legal fees associated with the acquisition of Stride.

2. Includes \$180k of operating experiences related to Intellitron Pty Ltd (sold on 30 June 2022).

3. Includes a six month contribution from Stride (completed 1 June 2022).

4. Includes a two month contribution from StarVale (completed 1 November 2022).

5. Includes consulting and legal fees associated with the acquisition of StarVale (\$154k), Fair Value movement on financial liabilities related to Stride (\$89k) and Investment disposal costs related to the sale of Intellitron Pty Ltd (\$32k).

# Balance sheet strength

- Strong balance sheet as at 31 December 2022 with a cash balance of \$59.0m<sup>1</sup> (FY22: \$60.0m<sup>1</sup>)
- 1H23 interim ordinary dividend of 23cps reflects a payout ratio of 84.2% of statutory NPAT, at the top end of the targeted 65% to 85% dividend payout ratio range
  - Record date: 3 March 2023
  - Payment date: 17 March 2023
- The Board continuously reviews and assesses Jumbo's capital management framework
- \$15m debt drawn to fund acquisition of StarVale
- \$28.6m increase in intangibles attributed to goodwill of acquisitions
- The Board will maintain a disciplined approach to execution of the on-market share buy-back<sup>2</sup> (\$1.9m completed as at 31 December 2022)

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Cash	65,505	68,930
Other current assets	16,738	6,096
Non-current assets	85,535	56,192
<b>Total assets</b>	<b>167,778</b>	<b>131,218</b>
Current liabilities	44,214	28,803
Non-current liabilities	27,256	9,432
<b>Total liabilities</b>	<b>71,470</b>	<b>38,235</b>
<b>Net assets/equity</b>	<b>96,308</b>	<b>92,983</b>

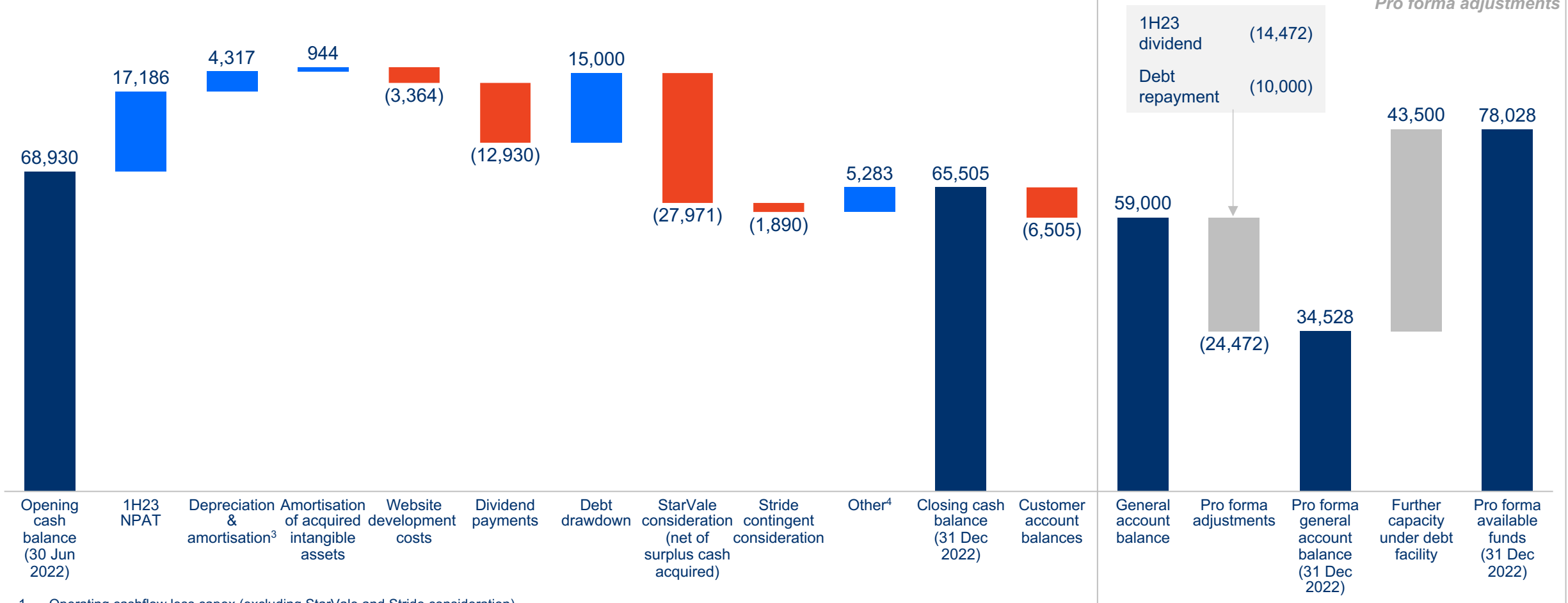
1. Excluding customer account balances of \$6.5m (FY22: \$8.9m).

2. 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 has and continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the share buy-back program at any time. As at 31 December 2022, \$1.9m shares had been purchased at an average price of \$12.39.

# Balance sheet strength underpinned by **cash generation**

- Free cash flow of \$25.7m<sup>1</sup> (1H22: \$24.4m<sup>1</sup>)
- Cash conversion ratio of 149.3%<sup>2</sup> (1H22: 148.5%<sup>2</sup>)

## Cashflow reconciliation (\$'000)



1. Operating cashflow less capex (excluding StarVale and Stride consideration).

2. Free cash flow / NPAT.

3. Reflects amortisation of the \$15m capitalised extension fee payment to The Lottery Corporation Limited (TLC) for the 10-year term of the Reseller Agreements and ongoing platform development costs amortised over a 5-year period.

4. Primarily reflects working capital movements and purchase of shares as part of on-market share buy-back.

# Conclusion & FY23 Outlook



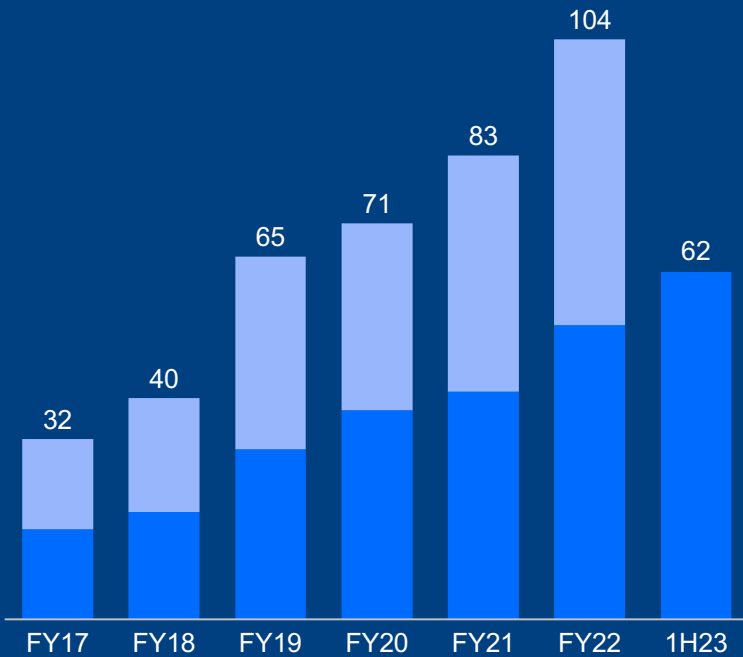
Mike Veverka  
CEO and Founder



# Successfully growing earnings and cash generation

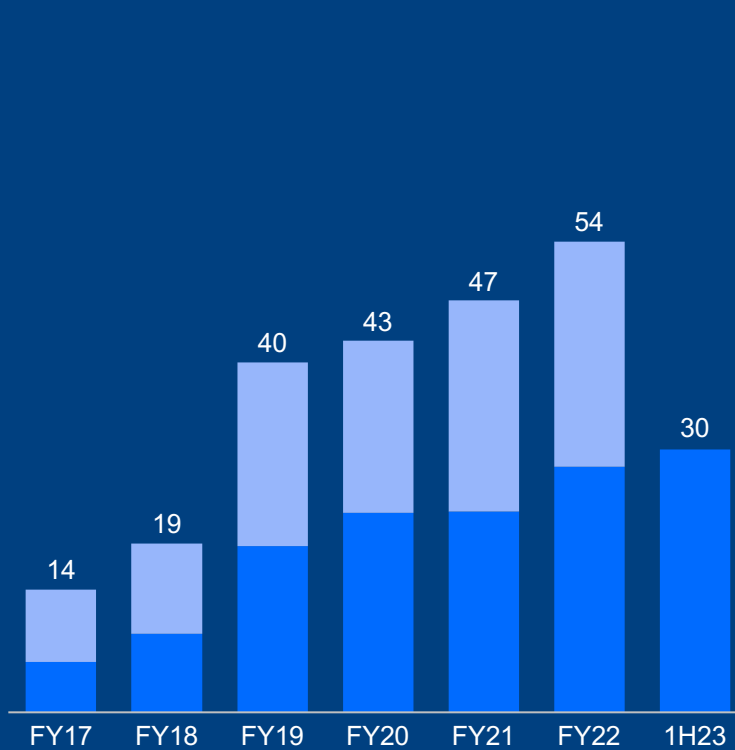
## Revenue (\$m)

▲ +26% FY17 – FY22 CAGR



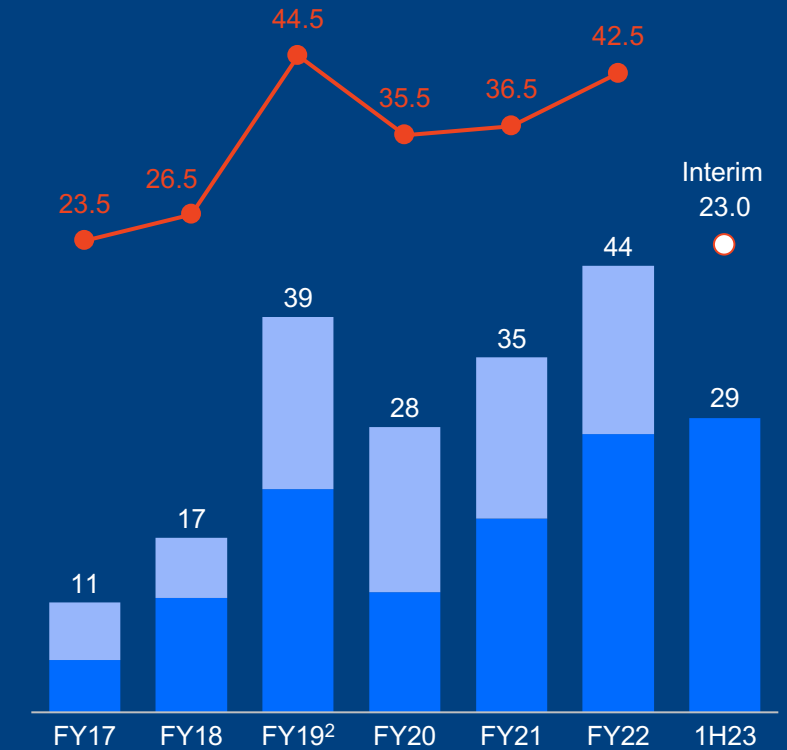
## EBITDA (\$m)

▲ +31% FY17 – FY22 CAGR



## Operating cashflow (\$m)

▲ +32% FY17 – FY22 CAGR



■ 2H ■ 1H ● Dividend declared (cps)<sup>1</sup>

1. FY17, FY18 and FY19 include special dividends.
2. Reflects timing impact where trade and other payables was \$22m (FY18:\$14m), as payments to The Lottery Corporation are a week in arrears.






# A clear strategy to deliver value for **all our key stakeholders**



1. Total Shareholder Return vs S&P/ASX300 Accumulated.



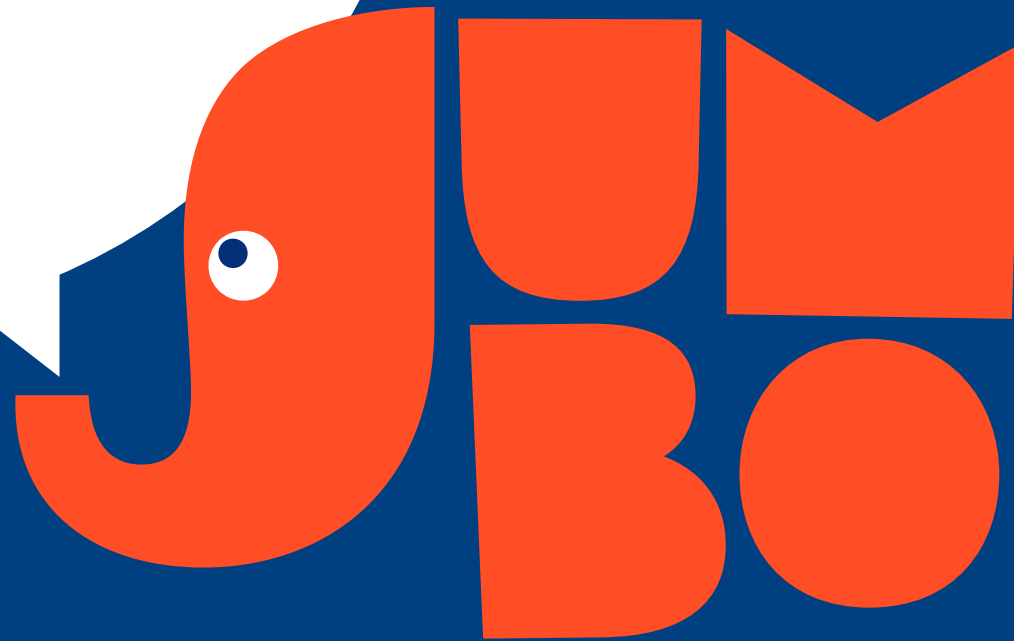
# 1H23 report card and FY23 outlook

	FY23 outlook	Status (1H23)	Commentary
Lottery Retailing*	<ul style="list-style-type: none"> <li>Marketing costs expected to be in the range of 1.5% to 2.0% of Lottery Retailing TTV (FY22: 1.7%)</li> </ul>	 1.5%	<ul style="list-style-type: none"> <li>Cost of sales to be impacted by increase in TLC service fee to 3.5% of subscription price of tickets purchased<sup>1</sup> (FY22: 2.5%)</li> <li>Marketing spend dependent on jackpots</li> </ul>
Group (excluding impact of acquisitions <sup>2</sup> )	<ul style="list-style-type: none"> <li>Underlying operating cost growth excluding Lottery Retailing marketing costs to increase 16% to 18%<sup>3</sup> (FY22: 33.2%)</li> <li>Underlying EBITDA margin expected to be at the upper end of the original range of 48% to 50%<sup>3</sup> (FY22: 52.9%)</li> </ul>	 14.5%  49.8%	<ul style="list-style-type: none"> <li>Operating expense profile skewed towards 2H23</li> </ul>
Capital Management	<ul style="list-style-type: none"> <li>Targeted dividend payout ratio of 65% to 85% of statutory NPAT</li> <li>On-market share buy-back<sup>4</sup> of up to \$25m</li> </ul>	 84.2%  \$1.9m	<ul style="list-style-type: none"> <li>Interim fully franked dividend of 23cps, up 5% on pcp</li> <li>Board will maintain a disciplined approach to execution of the buy-back<sup>4</sup></li> </ul>

\* Jackpots remain a significant driver of Lottery Retailing ticket sales (and revenue) and in any given year there is uncertainty as to the exact number and aggregate value of large jackpots.

- Pursuant to the Reseller Agreements with TLC signed 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.
- Excludes impact of Stride and StarVale.
- Refer to FY22 Results Investor Presentation on 26 August 2022 – FY23 outlook included 20% to 22% underlying operating cost growth and 48% to 50% underlying EBITDA margin.
- 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 has and continues to depend on the prevailing share price and alternative capital deployment opportunities. Jumbo reserves the right to vary, suspend or terminate the share buy-back program at any time. As at 31 December 2022, \$1.9m shares had been purchased at an average price of \$12.39.

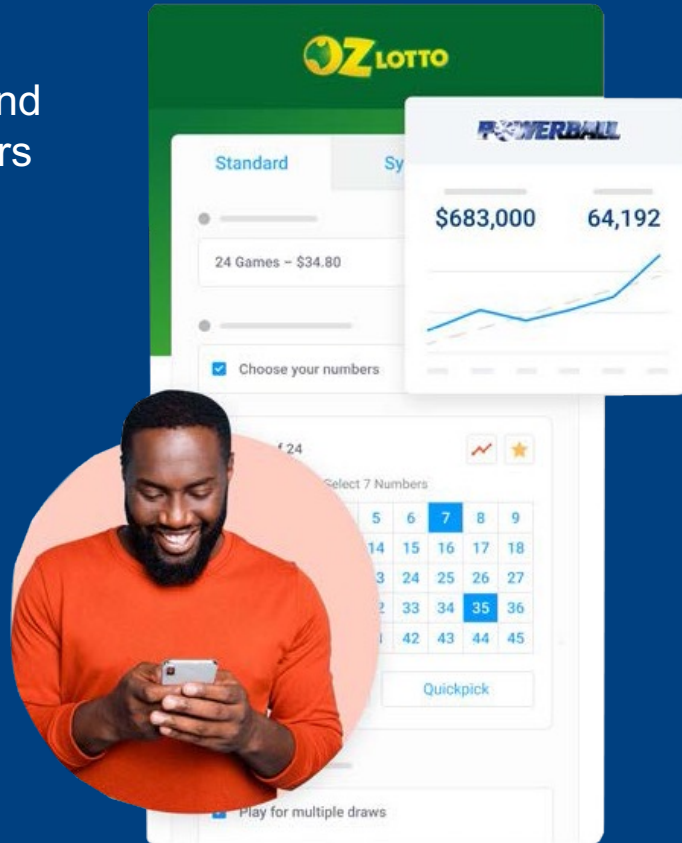
**Questions**



# Supplementary Information

# We are a digital lottery specialist

Providing our best in class lottery software platform and lottery management expertise to the charity and government lottery sectors in Australia and globally.



## We exist to create positive social impact through making lotteries easier by being the number one choice in digital lottery and services



Founded in 1995 and listed on the ASX in 1999



4 million active players across Australasia, UK and Canada



254 employees across Australasia, UK and Canada

# Our **three** operating segments



## Lottery Retailing<sup>1</sup>

Jumbo is an authorised reseller of Australian digital lottery tickets through Oz Lotteries.



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

We license our 'Powered by Jumbo' (PBJ) digital lottery platform as a SaaS solution to government and charity lottery operators in Australia and globally.



## Managed Services

We provide our lottery platform and lottery management services to charities and worthwhile causes that are looking to establish a lottery program or enhance an existing program.



1. Jumbo is an authorised reseller of lottery tickets via Reseller Agreements with TLC. In August 2020, Jumbo extended its long running Reseller Agreements with TLC for a further 10 years to August 2030. The Reseller Agreements do not cover the states of Queensland (due to small business restrictions limiting lottery agencies to businesses that employ less than 50 FTE) and Western Australia (where Jumbo has entered into a SaaS agreement to provide our proprietary lottery software platform and services for up to 10 years). The trademarks are licensed to Jumbo under the Reseller Agreements with TLC.

# Jumbo investment highlights

Profitable and global growth underpinned by yield and positive sector dynamics



Pure play digital lottery specialist with best-in-class lottery software and digital marketing expertise



Capital light business model, with strong balance sheet



Growth underpinned by structural shift to digital lotteries



Founder-led, with experienced board and executive team with deep technology and lottery experience

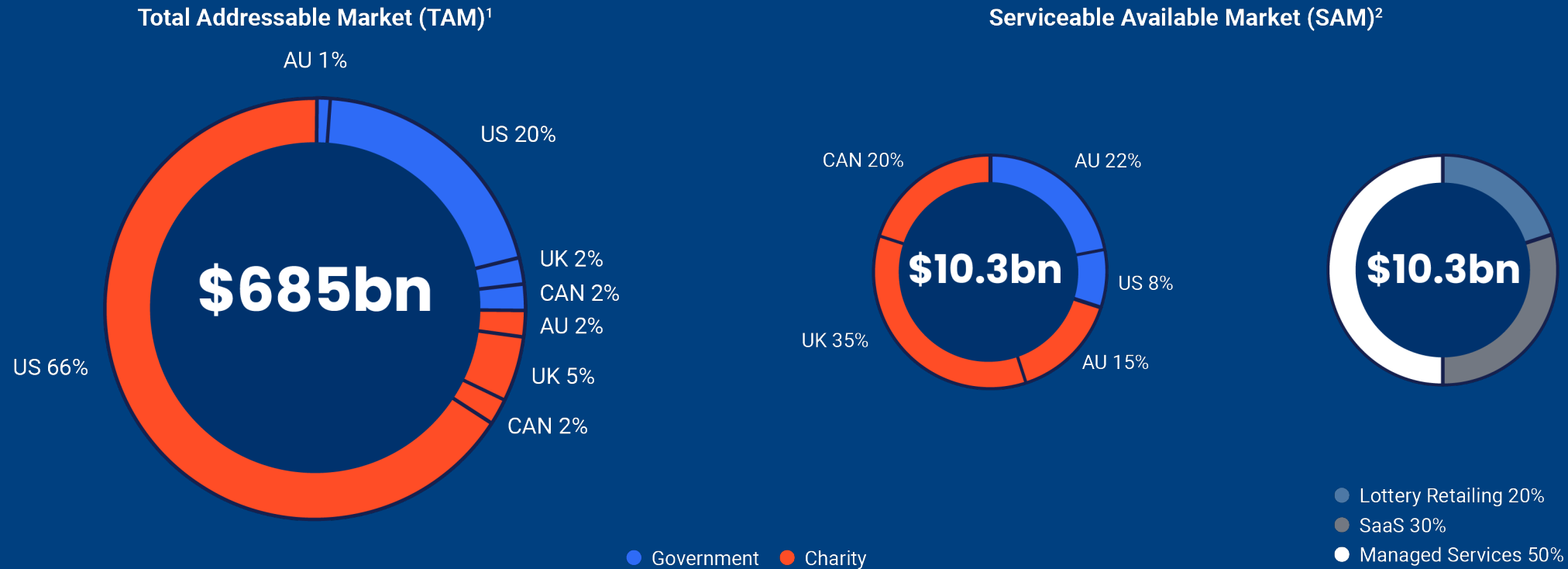


Scalable financial model, attractive unit economics and cash generation



Unique culture, with an unrelenting focus on creating an unrivalled player experience

# Large, growing and underpenetrated serviceable available market



1. Reflects total government lottery market in Australia and the US plus total individual charitable giving in Australia, UK and Canada.

2. Reflects the current portion of the market that can be acquired based on our existing business model, including existing product set and capabilities

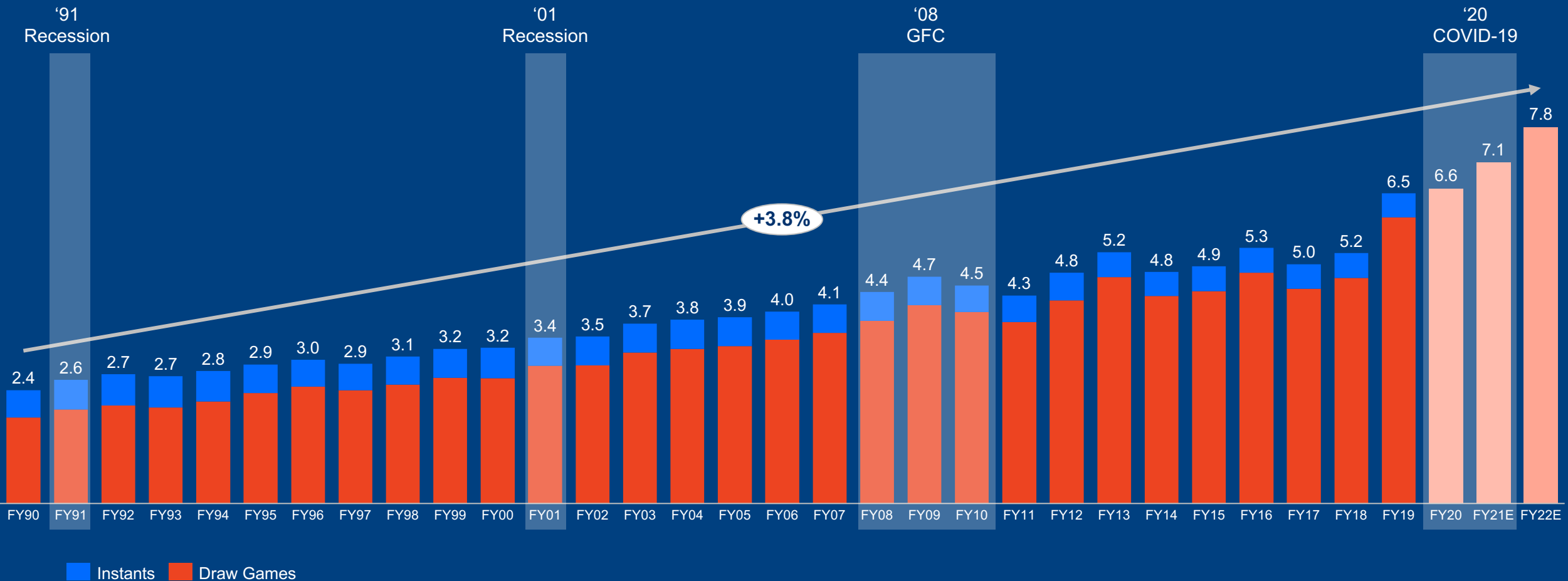
Source: Australian Gambling Statistics, Tabcorp financial reports, Lotterywest Annual Report, ACNC (Australian Charities Report – 7th Edition), Charity Commission For England and Wales, The Giving Report 2022 (Canada),

La Fleur's 2021, The National Philanthropic Trust (which curates statistics from recent studies and reports on charitable giving in the U.S), North American Gaming Almanac 2020-21

All figures shown in Australian dollars (A\$1.00 = US\$0.71; £0.56 and C\$0.91)

# Lotteries have proven to be highly resilient to recessions

Australian lotteries sales over time (\$bn)<sup>1,2</sup>



Source: Australian Gambling Statistics, Tabcorp/TLC financial reports.

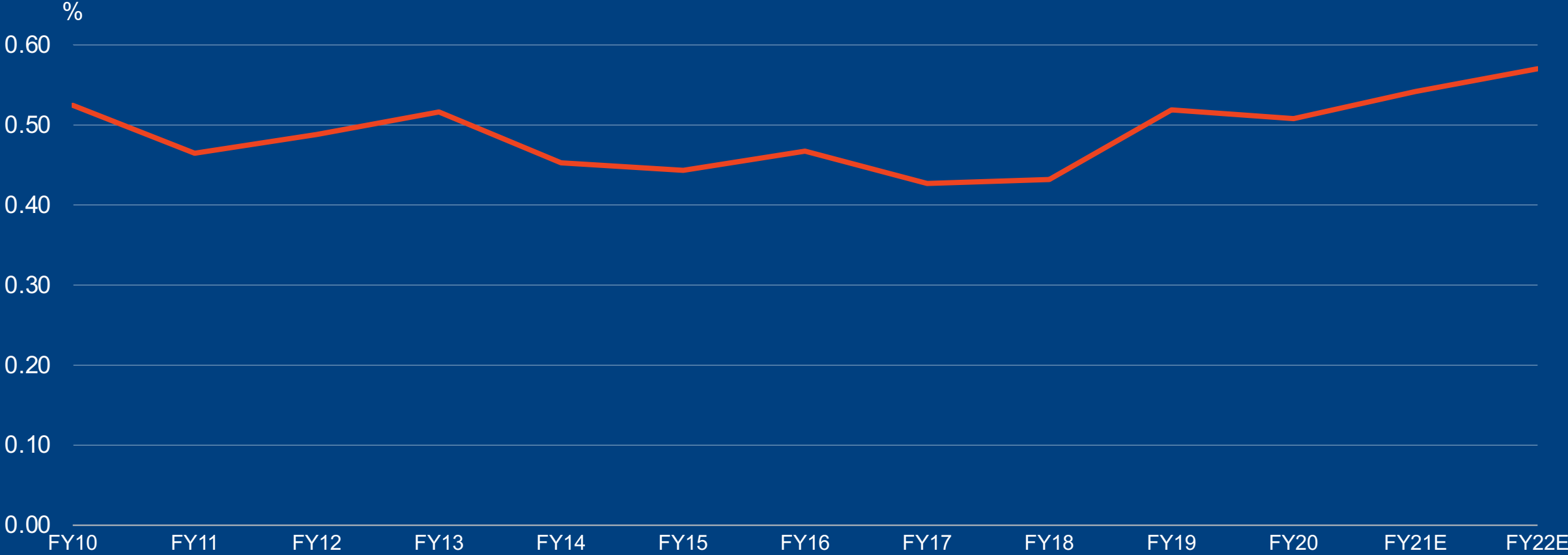
1. FY90 – FY19; excludes commission, June year end.

2. FY21E & FY22E: estimated based on Tabcorp/TLC revenue growth.



# Lotteries' share of household spend **relatively stable**

Lottery turnover as a % of ADI<sup>1</sup>

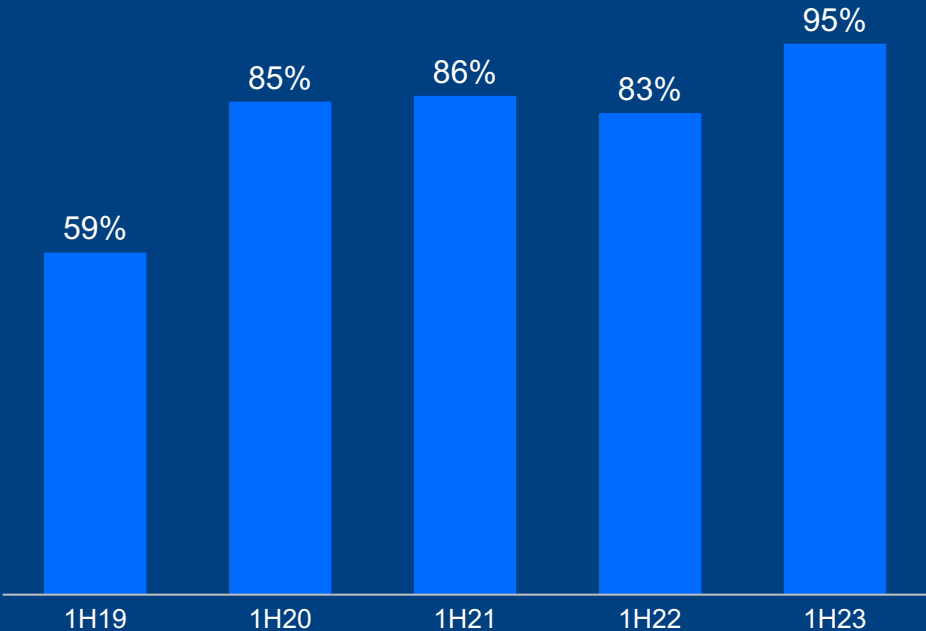


Source: Australian Gambling Statistics, ABS  
FY21E & FY22E: estimated based on Tabcorp/TLC revenue growth

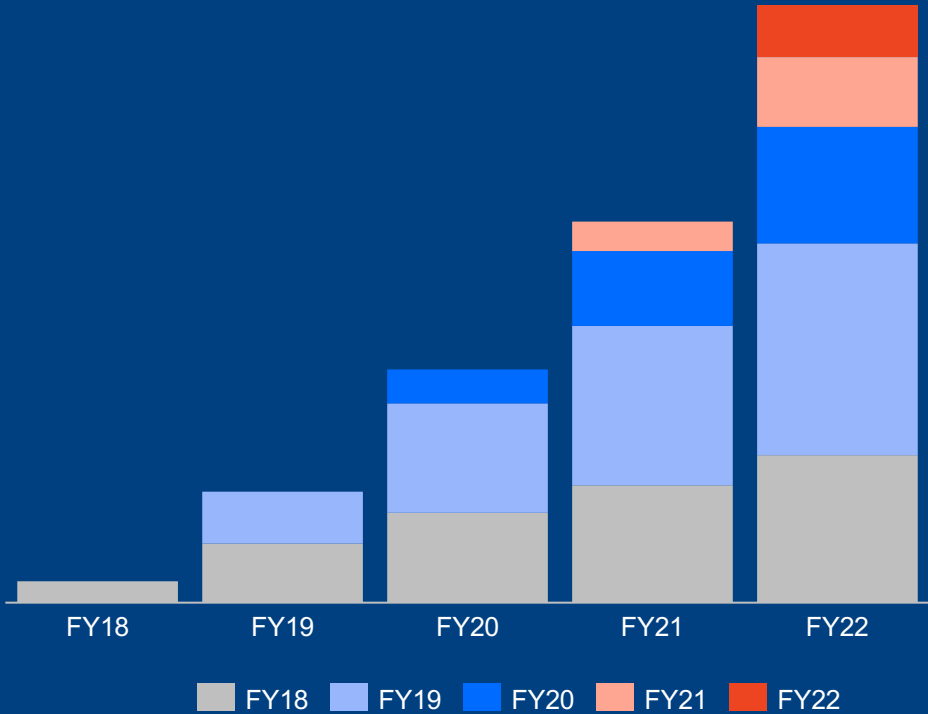
# Player engagement and retention drives **future growth**

Illustrative analysis

**Lottery Retailing Acquisition spend as a % of new player revenue<sup>1</sup>** (in a six month period)



**Illustrative cumulative revenue contribution from new player cohorts**



1. Assumes consistent revenue margin applied across periods for a like-for-like comparison

# Lottery Retailing – Key stats from \$160m Powerball (Oct-22)



**706,650 tickets** sold  
**59k new signups**  
**1,283 tickets** sold per minute (peak)



**100% uptime** over the draw event (full service availability)



**>13 signups/second** during peak (47k new signups within 24 hours)



**>10% sales** compared to \$120m draw in Feb 2022



**>58 checkouts/second** during peak



**>69 tickets sold/second** during peak



**>2,450 support interactions** on draw day: **89% satisfaction** (only 10 calls had a wait time > 2mins)



**>11k** prize withdrawals processed from the platform

# Group 1H23 and proforma FY22 consolidated results

	1H23 \$'000	1H22 \$'000	Variance %	FY22 \$'000	FY21 \$'000
TTV	417,045	327,934	27.2%	659,924	486,981
Revenue	62,389	52,841	18.1%	104,251	83,319
Cost of sales	(9,853)	(7,252)	35.9%	(14,473)	(8,339)
Gross profit	52,536	45,589	15.2%	89,778	74,980
Other revenue	173	228	-24.1%	995	386
Expenses	(22,544)	(17,595)	28.1%	(36,728)	(28,090)
EBITDA	30,165	28,222	6.9%	54,045	47,276
Depreciation and amortisation	(4,317)	(3,998)	8.0%	(8,366)	(7,809)
EBITA	25,848	24,224	6.7%	45,679	39,467
Amortisation of acquired intangible assets	(944)	(300)	>100%	(376)	(430)
EBIT	24,904	23,924	4.1%	45,303	39,037
Net interest revenue	23	(37)	>100%	(66)	17
NPBT	24,927	23,887	4.4%	45,237	39,054
Income tax expense	(7,741)	(7,479)	3.5%	(14,061)	(12,095)
NPAT	17,186	16,408	4.7%	31,176	26,959
Amortisation of acquired intangible assets after tax	746	300	>100%	305	348
NPATA <sup>1</sup>	17,932	16,708	7.3%	31,481	27,307

1. Net profit after tax and before amortisation of acquired intangible assets.

# Reconciliation to 1H23 reported earnings

	1H23 \$'000	1H22 \$'000	Variance %
EBITDA	30,165	28,222	6.9%
EBIT	24,904	23,924	4.1%
NPAT	17,186	16,408	4.7%
NPATA <sup>1</sup>	17,932	16,708	7.3%
EPS (cps)	27.3	26.3	3.8%
EPSA <sup>1</sup> (cps)	28.5	26.8	6.3%
Add/(deduct) significant items			
- Investment disposal costs <sup>2</sup>	32	-	
- Acquisition costs <sup>3</sup>	154	126	
- Fair value movement on financial liabilities <sup>4</sup>	89	-	
- Tax benefit	(35)	(38)	
EBITDA - underlying	30,440	28,348	7.4%
EBIT - underlying	25,179	24,050	4.7%
NPAT - underlying	17,426	16,496	5.6%
NPATA <sup>1</sup> - underlying	18,172	16,796	8.2%
EPS - underlying	27.7	26.4	4.9%
EPSA <sup>1</sup> - underlying (cps)	28.9	26.9	7.4%

1. Net profit after tax / Earnings Per Share before amortisation of acquired intangible assets.

2. Costs related to the sale of Intellitron Pty Ltd (sold on 30 June 2022).

3. Consulting and legal expenses relating to the acquisition costs of Stride and StarVale.

4. Fair value movement on financial liabilities in respect of increasing the probability from 90% to 95% of paying the full earnout following 30 June 2023 in respect of the acquisition of Stride.

# 1H23 Group result overview – like for like performance & impact of acquisitions

	Group Reported 1H22 \$'000	Group (excluding Stride & StarVale) 1H23 \$'000	Stride 1H23 \$'000	StarVale 1H23 \$'000	Group Reported 1H23 \$'000	Variance (excluding Stride & StarVale) %	Reported Variance %
TTV	327,934	361,267	33,721	22,057	417,045	10.2%	27.2%
Revenue	52,841	56,522	3,898	1,969	62,389	7.0%	18.1%
Revenue margin	16.1%	15.6%	11.6%	8.9%	15.0%	-0.5%	-1.1%
Underlying operating costs <sup>1</sup>	(17,469)	(18,960)	(2,056)	(1,253)	(22,269)	8.5%	27.5%
Underlying EBITDA <sup>1</sup>	28,348	28,135	1,589 <sup>3</sup>	716	30,440	-0.8%	7.4%
Underlying EBITDA margin <sup>1</sup>	53.7%	49.8%	40.8%	36.4%	48.8%	-3.9%	-4.9%
Underlying NPAT <sup>1</sup>	16,496				17,426		5.6%
Underlying EPS <sup>1</sup>	26.4				27.7		4.9%
Underlying NPATA <sup>1,2</sup>	16,796				18,172		8.2%
Underlying EPSA <sup>1,2</sup>	26.9				28.9		7.4%
Operating cashflow	27,546				29,109		5.7%
Interim dividend declared (cps)	22.0				23.0		4.5%

1. Underlying operating costs, EBITDA, NPAT and EPS adjusted for one-off costs of \$126k and \$275k in 1H22 and 1H23 respectively.

2. Net profit after tax / Earnings Per Share before amortisation of acquired intangible assets.

3. Includes \$22k of other income.

# 1H23 result – segmental information

	Lottery Retailing \$'000	SaaS \$'000	Managed Services \$'000	Intersegment eliminations \$'000	Total \$'000
TTV	253,259	97,185	66,601	-	417,045
- Group	253,259	-	-	-	253,259
- Third-party	-	97,185	66,601	-	163,786
Total segment sales revenue from external customers	50,103	4,336	7,950	-	62,389
Intersegment sales revenue	-	18,914	-	(18,914)	-
<b>Total segment sales revenue</b>	<b>50,103</b>	<b>23,250</b>	<b>7,950</b>	<b>(18,914)</b>	<b>62,389</b>
Cost of sales	(28,127)	(141)	(499)	18,914	(9,853)
Gross profit	21,976	23,109	7,451	-	52,536
Employee benefits expense	(1,694)	(5,246)	(3,054)	-	(9,994)
Marketing expenses	(3,894)	(131)	(194)	-	(4,219)
Technology expenses	(105)	(730)	(320)	-	(1,155)
Other expenses <sup>1</sup>	(962)	(1,255)	(1,219)	-	(3,436)
Operating expenses	(6,655)	(7,362)	(4,787)	-	(18,804)
<b>Total segment EBITDA</b>	<b>15,321</b>	<b>15,747</b>	<b>2,664</b>	<b>-</b>	<b>33,732</b>
Other reconciling items (Corporate) <sup>2</sup>					(3,740)
Other revenue					173
<b>Consolidated EBITDA</b>					<b>30,165</b>

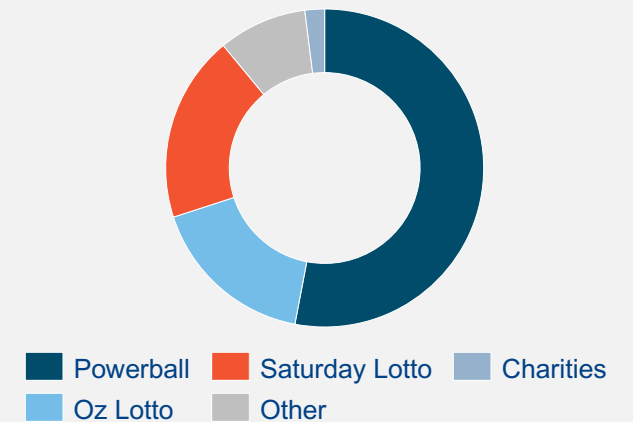
1. Includes finance, consulting and legal, office and other costs.

2. Includes sovereign costs e.g. Directors' fees, CEO/CFO employee costs, share-based payments, insurance etc.

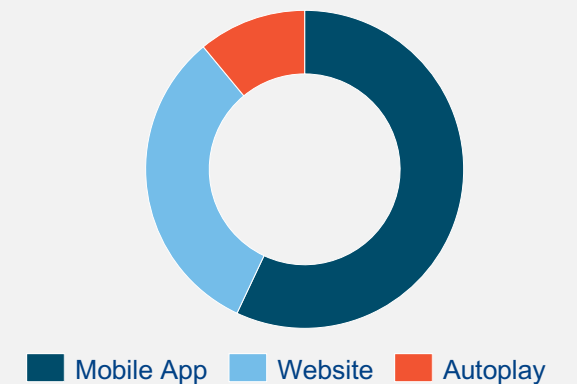
# Lottery Retailing

	1H23	1H22	Variance %
TTV (\$'000)	253,259	234,655	7.9%
Revenue (\$'000)	50,103	46,727	7.2%
Revenue margin (%)	19.8%	19.9%	-0.1%
Cost of sales <sup>1</sup> (\$'000)	(28,127)	(24,362)	15.5%
Operating expenses (\$'000)	(6,655)	(6,521)	2.1%
- Marketing	(3,894)	(4,308)	-9.6%
- Other	(2,761)	(2,213)	24.8%
EBITDA (\$'000)	15,321	15,844	-3.3%
Number of jackpots ≥ \$15m	23	23	0.0%
Average Division 1 jackpots of ≥ \$15m (\$m)	41.7	37.8	10.3%
Peak Division 1 jackpot during the half year period (\$m)	160	80	n/a
Aggregate Division 1 jackpots on offer during the half year period (\$m)	960	870	10.3%
Number of new online accounts for the half-year period	198,751	198,912	-0.1%
Cost per lead (\$)	17.85	20.02	-10.8%
Number of active players for the previous 12 month period	983,831	836,582	17.6%
Average spend per active online player (\$)	463.20	464.65	-0.3%
Marketing costs as a % of TTV	1.5%	1.8%	-0.3%

TTV by product (%)



TTV by platform (%)



1. Pursuant to the Reseller Agreements with TLC signed 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.



# Managed Services

AUD <sup>1</sup>	United Kingdom				Canada		Australia		Group	
	Gatherwell		StarVale <sup>1</sup>		Stride <sup>2</sup>		Jumbo Fundraising <sup>3</sup>		Managed Services	
	1H23 \$'000	1H22 \$'000	1H23 \$'000	1H22 \$'000	1H23 \$'000	1H22 \$'000	1H23 \$'000	1H22 \$'000	1H23 \$'000	1H22 \$'000
TTV	10,428	11,367	22,057	-	33,721	-	395	436	66,601	11,803
Revenue	2,036	2,004	1,969	-	3,898	-	47	100	7,950	2,104
Cost of sales	(219)	(226)	-	-	(275)	-	(5)	(2)	(499)	(228)
Gross profit	1,817	1,778	1,969	-	3,623	-	42	98	7,451	1,876
Operating expenses	(1,394)	(1,233)	(1,253)	-	(2,056)	-	(84)	(134)	(4,787)	(1,367)
EBITDA	423	545	716	-	1,589 <sup>4</sup>	-	(42)	(36)	2,686	509
Revenue margin %	19.5%	17.6%	8.9%	-	11.6%	-	11.9%	22.9%	11.9%	17.8%
EBITDA margin %	20.8%	27.2%	36.4%	-	40.8%	-	-89.4%	-36.0%	33.8%	24.2%

1. Completed on 1 November 2022 (1H23 contribution of 2 months, nil in pcp).

2. Completed on 1 June 2022 (1H23 contribution of 6 months, nil in pcp).

3. 1H23 includes contribution from LifeFlight Australia and Paralympics only.

4. Includes \$22k of other income.

# Financial framework and P&L drivers

	Lottery Retailing	Software-as-a-Service	Managed Services	Corporate
<b>A Revenue</b>	% of TTV	<ul style="list-style-type: none"> <li>% of third party TTV</li> <li>Intersegment fee: % of relevant Lottery Retailing TTV<sup>2</sup></li> </ul>	% of TTV / Fee for service <sup>4</sup>	
<b>B COS</b>	<ul style="list-style-type: none"> <li>TLC service fee - % of subscription ticket costs<sup>1</sup></li> <li>Intersegment fee – % license fee of relevant Lottery Retailing TTV<sup>2</sup></li> <li>Merchant fees - % of TTV</li> <li>Other includes scratch ticket production costs for Fiji</li> </ul>	Merchant fees - % of TTV <sup>3</sup>	Merchant fees - % of TTV	
<b>C Opex</b>	<ul style="list-style-type: none"> <li>Marketing costs</li> <li>Employee costs</li> <li>Other expenses include general &amp; administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Technology costs</li> <li>Employee costs</li> <li>Other expenses include general &amp; administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Employee costs</li> <li>Other expenses include general &amp; administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Sovereign costs e.g. Directors' fees, CEO/CF0 costs, share-based payments, consulting &amp; legal costs, insurance etc</li> </ul>
<b>EBITDA</b>	<b>A – B – C</b>			

## Underlying EBITDA

EBITDA excluding significant one-off items (non-operating/non-recurring expenses)

- Pursuant to the Reseller Agreements with TLC signed 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.
- Lottery Retailing pays a licence fee (equivalent to 7.5% of relevant Lottery Retailing TTV) to SaaS, recognised in Lottery Retailing cost of sales and SaaS' internal revenue. This is netted off through an intersegment elimination on consolidation.
- Merchant fees incurred for Lotterywest only, equivalent to ~0.95% of Lotterywest TTV.
- Managed Services principally comprises Gatherwell (UK), StarVale (UK) and Stride (Canada). Revenue generated from these businesses reflects a combination of the contractual arrangements in place for services provided and a % of TTV revenue model.