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Q2 2017 Jackpotjoy PLC Earnings Call

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PRESENTATION

Operator

Welcome to Jackpotjoy plc's Q2 2017 Results Conference Call. (Operator Instructions) Please note that this call is being recorded today, Tuesday, 15th of August, 2017, at 1:00 p.m. London Time.

If you have not received a copy of Jackpotjoy plc's Q2 2017 earnings release that was issued before market opened today, you can find it under Jackpotjoy plc's profile on the SEDAR website or on the Jackpotjoy plc website at www.jackpotjoyplc.com.

Please be aware that we will be discussing some information about the business that is forward-looking and which is based on management's assumptions and subject to a number of risks that could cause actual results to differ materially from current expectations. Our annual information form dated 29th of March, 2017, and our management information circular dated 27th of April, 2017, which you can find on the SEDAR website under Jackpotjoy plc's profile, discuss many of these assumptions and risks. Jackpotjoy plc does not intend to publicly update any forward-looking information, except as required by applicable securities laws.

Please note that we will also be discussing some non-IFRS measures on today's call. For the definitions and reconciliations of these non-IFRS measures, please refer to Pages 4 and 5 in the RNS we issued earlier today.

I will now turn the conference over to Mr. Andy McIver, CEO of Jackpotjoy plc. Please go ahead. Thank you.

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Thank you very much. Good morning, everyone, or good afternoon, depending where you are. With me today are Keith Laslop, one of the Founders and CFO; and Jason Holden, Director of IR. And as the operator mentioned, we will be talking about Q2 and the first half results.

During the call, I will briefly cover the financial and operating highlights for Q2 and update you as to our outlook for the full year 2017. Keith will then review the financial headlines in more detail and cover some of the data points in the underlying subsidiaries before we open the call up for questions. When we do open up the call up for questions, please follow the operator's instructions. A transcript of this call will be ready within 48 hours on Jackpotjoy plc's website and a replay option will also be available.

In terms of -- now let's turn into the business. In terms of the operating highlights, I'd like to draw your attention particularly to 4 key areas. Firstly, the second quarter has been another good quarter of growth, with revenue progression of 17% across the group and top line growth of 18% at our largest segment of Jackpotjoy. Adjusted EBITDA also grew strongly at 28%.

Secondly, the second quarter has continued to see solid progress in our core KPIs, that is active customers, average revenue per customer and real money gaming revenue, which we flag at each of our reporting dates. The number of average active customers grew by 13% in the 12 months to 30th of June to over 243,000. When you combine that with a 2% growth in real money gaming revenue per average active customer, this means that overall average real money gaming revenue per month has increased by 16% to GBP 21.8 million in the 12 -- rolling 12 months to the 30th of June.

Thirdly, our largest business segment, Jackpotjoy, which is, as you know, comprises over 70% of group revenue, demonstrated an impressive quarterly performance across all brands, with revenue growth of 18% and adjusted EBITDA growth of 35%, both of which were an acceleration from the growth rate seen in quarter 1. So we have been building momentum over the 6 months.

Finally and perhaps most importantly, we remained highly cash-generative with cash conversion at 99%, excluding the one-off and exceptional items. Reduction of our debt burden, as you know, is a priority. Gross debt, including earn-outs, has fallen from GBP 515 million at the 31st December to GBP 414.5 million at the end of the half year, which translates to net leverage of 3.6% -- that's 3.6x, a decrease from the 4x we recorded at year-end.

In terms of outlook for 2017, we continue to expect the group to deliver robust revenue growth. And Q3, even though we are only just slightly into it, has seen a solid start across the group.

I will now turn the call over to our CFO, Keith Laslop, who will walk you through the company's financial highlights.

Keith Laslop ***Jackpotjoy plc - CFO and Director***

Thanks, Andy. As Andy has already provided the high-level results, I won't repeat them, although I will dive into a little bit more detail. So with respect to the corporate side and our business as a whole, at the end of Q2, we made the final earn-out payment for the non-Spanish assets within the Jackpotjoy segment. This final payment amounted to GBP 94.2 million and was comfortably met with existing cash resources.

In our Q2 financial statements, we provide the details of the earn-outs remaining in the Jackpotjoy earn-outs. These include the Botemania earn-out as well as the 3 milestone payments that may be earned should the Jackpotjoy segment attain certain EBIT thresholds in each of the 3 years to March 2020. In the notes to the financial statements, we list the earn-out amounts, both discounted and probability weighted, which is required under IFRS, as well as our current estimation of the cash we'll need to pay at the time the earn-outs are due. All earn-outs are estimated to be again comfortably met by existing cash resources.

As Andy mentioned, we are very pleased with our cash flow generation in Q2 and H1 2017 and, I'd add, the reduction of adjustments in this quarter. We did not adjust for any transaction fees in the quarter, 0 transaction rate expenses. And there was only 1 significant adjustment to our Q2 cash flow conversion bridge, which is essentially a timing difference.

Since our inception, once a year, we pay taxes to the Maltese government at 35% of our Maltese profits. And some weeks later, we receive 6/7 of that tax back in accordance with Maltese tax regulations. This year, we paid GBP 6.9 million and expect to receive GBP 5.9 million back. If all this happened within the same quarter, then our cash flow conversion rate would have remained above 95% in Q2 and we would be listing over GBP 50 million of operating cash flow generation in H1. The details of our cash flow conversion bridge can be seen within the Q2 presentation, which hopefully now should be live on www.jackpotjoyplc.com.

Moving on to debt. As Andy mentioned, debt paydown continues as expected. If one counts earn-outs as debt, as we do, we paid down over GBP 100 million of debt in H1 2017. Our net leverage ratio, including all debt, non-compete payments, earn-outs and net of cash, decreased from 4x at December 31, 2016, to 3.6x at the end of June this year. This reduction in leverage will continue and is one of the core tenets of our board.

On these calls, I also like to provide some data points on the underlying subs. For the Jackpotjoy business, Q2 revenues were GBP 52.3 million, which is 18% growth year-over-year, and EBITDA of GBP 24.9 million, which is 35% growth year-over-year.

Some highlights of the individual JPJ subsegments for the quarter. For Jackpotjoy U.K., we had record revenues in Q2. Improved monetization of players through mobile continued in Q2, where mobile revenues as a percentage of total revenues improved to 61% in Q2 from 57% in Q1 and from 55% in Q4.

Mobile ARPU was greater than desktop ARPU for the second quarter in a row. And average mobile player delivers 106% of the revenue of the average desktop player. I would also like to point out that one of the reasons for the 35% growth in EBITDA is that we were not on TV in

Q2 2017 whereas we were in Q2 2016. We will be on TV during Q3 and Q4 of this year.

For Starspins and Botemania. Starspins, together with Botemania, were our fastest-growing subsegments this quarter and together were responsible for 21% of our revenue under the JPJ segment. Both Starspins and Botemania had record revenue, deposits, wagering and mobile share of gross revenue in Q2. Starspins' percentage of revenue from mobile was 68% whereas Botemania was 58%. And also worth pointing out that a mobile player that also plays on desktop for these brands provides over 3x the ARPU of a desktop-only player.

Lastly, the JPJ segment. The JPJ Sweden subsegment had its second-best revenue quarter even in a very competitive environment in Sweden pre regulation. And we had a record 48% of revenue from mobile, up from 42% last quarter.

Moving on to the Vera&John segment. And these figures are in euros to reduce FX fluctuations, trying to give you constant-currency figures. Our gaming revenues were EUR 20.2 million in Q2, which is 19% growth year-over-year, and EBITDA of EUR 5.9 million, which is a 14% increase year-over-year. These increases exclude any platform migration revenue earned by Amaya in Q2 2016. In sterling terms, revenue growth was 30% growth year-over-year and EBITDA was 21% growth year-over-year.

Finally, Mandalay. Revenues of GBP 5.5 million, which is flat year-over-year, and EBITDA of GBP 2.4 million, which is a 50% increase year-over-year. We're comfortable with the revenue results, given changes we're making to bonus payment in preparation for changes in the U.K. POC tax, which we believe we'll start to pay from October 1 this year. And the EBITDA growth is the result of reduced marketing spend as we have historically only gone on TV with Mandalay brands every second year. Worth mentioning with Mandalay that we are exploring merging this subsegment together with our other bingo assets, given the future focus on cross-sell between all of our bingo brands as well as its relative size with other subsegments.

I will now pass the call back to Andy.

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Thank you very much, Keith. Let's now move on to the question-and-answer section. So operator, please, can you announce the first caller?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And the first question comes from the line of Matthew Webb from Macquarie in London.

Matthew Charles Webb ***Macquarie Research - Senior Analyst***

I just wondered in the U.K. market, would I be right in thinking that you're gaining share at the moment and actually, looking at Q2 specifically? And if that's right, why the need to step up the marketing spend in the second half? That was the first question. Second question, in terms of the -- your expectations for the full year, I think in the past, you've indicated around 10% is your sort of expectation or broadly in line with the market, which you expect to be growing at that sort of level. Is that still your expectations? Or do you feel that, that may be a little conservative now, having grown at 12% in the first half on a constant-currency organic basis? And then my third question, you mentioned the opportunity for cross-selling that's opened up now. And is that something that you would expect to start benefiting from in the second half of this year? Or is that more of an opportunity for 2018 and beyond?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Okay, thank you. And thank you very much for taking the time to call in and ask these questions. I'm going to do them in the order I can remember them. So I'm going to start with cross-sell because that was the last one and the easiest one. No, you are right in your assumption that any benefits from cross-sell are likely to flow through in 2018 rather than 2017. But we are at a stage now where we have access to the Jackpotjoy database of old post the earn-out. All the data is currently being loaded from Jackpotjoy Mandalay and Vera&John on to one set of servers. All the legal issues regarding our ability to do that have been resolved. We will be -- the first stage will be to manually use that data. And then second stage, during the course of next year, will be to have a much more computerized version, whereby we hope that the computer will be able to predict lifetime values and churn rate and customer behavior. So you, Matthew, might look like Keith -- I know you don't. You might look like him in terms of your gaming behavior, and so, because we know Keith's history, we will apply those sort of -- the same metrics to you and point you towards the games that Keith likes, et cetera. That will come next year. So that was the first bit. The second bit -- the second question you asked was regarding marketing -- market share and marketing expenditure. And the answer is that although we do not have up-to-date figures, listening to other people's announcements and gauging what we believe to have happened to Sun Bingo, which was #3 in the market with a 12% market share and is rumored to have lost up to 60% of its customers following its migration to Playtech, we believe that we have been gaining market share, though I suspect that is as the same sort of levels that we've gained in the previous years, which is 1 or 2 percentage points, so -- and I think that is typical. As you know, we are the biggest with a 22% market share and size matters. He who has the most customers, has the most attractive offering in terms of jackpots, jackpot frequency, the build of progressive jackpots and the most vibrant chat rooms and bingo choice. Now to put that in perspective in terms of the marketing, we have not been on U.K. television since October 2016. Marketing falls into 2 pieces: brand advertising and a more specific call to action. The call to action is much more effective and much more cost-effective if you keep topping up your brand advertising. And we feel that now is the right time for a top-up of brand advertising. We are due on television on the 14th of September will be the first advert. And the reason we're going for that quarter is although we're not a highly seasonal business, we do find that people's usage of online activity and television viewing is much better in the third and fourth quarter of the year. And what was the last one? Growth for the balance of the year. We said historically that 10% is a ready reckoner. And we have grown at 12%, so I would say that's, give or take, 10%. And we will definitely be using internally a target of 10% for the balance of the year.

Operator

(Operator Instructions) Okay. And we have -- we do have a few more questions that have come through. So the next question comes from the line of Matthew Gan from Cormark Securities.

Matthew Gan ***Cormark Securities Inc., Research Division - Associate of Institutional Equity Research***

Just a few questions for me. First is would you be able to provide an update with respect to the DCMS review on TV advertising related to gambling, on gambling operators. Given that you're looking to push the advertising in Q3 and Q4? Is that kind of -- has that kind of been allayed at this point?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Okay, I'll answer that one. The answer is that the market is unsure where the advertising rules are going to settle. It is part of the government's triennial review into the gaming industry. The key topics are advertising. And the real key topic for them is the fixed-odds betting terminals in the land-based bookmaking shops. But advertising is expected to be opined on as well. Our latest -- well, let's do 2 things. Number one, they have not announced the results of that triennial review. Our latest intelligence is October this year, once government is back from its summer recess. Now in the U.K., parliamentary process, consultation time and law enactment suggests even if they did change the advertising rules this October, it is unlikely to be enforceable until next summer by the time that -- they'll either get the legislation out just before the next summer recess or possibly after the next summer recess in October 2019. So we feel very comfortable in the timing of our current advertising campaign. I hasten to add, we do not know where the advertising rules are going to land. And it would be speculation to guess where it would be. What they are looking at, one of the things they will be looking at though is not an outright ban on advertising but removing the ability to advertise pre the 9:00 adult watershed level that is -- the U.K. broadcasters are subject to. So it would just reduce some of the times available to us if they were to do that.

Matthew Gan ***Cormark Securities Inc., Research Division - Associate of Institutional Equity Research***

Okay, that's great. And then second question. In relation to the Mandalay unit, I've seen that -- I see that the revenue is fairly flat year-to-year, that the distribution costs reduced -- was reduced by quite a (inaudible). Can you just speak to what's driving that?

Keith Laslop ***Jackpotjoy plc - CFO and Director***

Yes. That was because, well, revenue in terms of the first bit is that we have been making some changes to bonus structure in preparation for a tax on bonuses that we estimate that we will start paying as of October 1 of this year. And for the reduction in marketing spend, we don't go on TV every year with Mandalay, as Andy mentioned. You use TV for brand. You use other bits for call to action. And we don't think it's necessary to go on TV with Mandalay every year. So historically, we've gone every second year. So historically, that's why every year, you have differences in our profitability margin with Mandalay.

Operator

The next question comes from the line of Suthan Sukumar from Eight Capital.

Suthan Sukumar ***Eight Capital, Research Division - Research Analyst***

The first question for me is with the extension payment now behind you and continued cash flow strength, are there any leverage targets you'd like to reach by the end of the year and beyond into -- looking into fiscal '18 and fiscal '19? And also, is there a specific leverage target you'd like to arrive at before you consider a dividend policy?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Okay. At the moment, in terms of our dividend policy, our current loan agreement prohibit us from returning cash to shareholders, whether it be by share buyback or dividend, until that leverage ratio has fallen to 2.75x. And under the covenant calculations, our current ratio is 3.3x. We anticipate hitting a 2.7x -- 2.75x leverage ratio towards the end of 2018, at which point, we will have the option as to whether we pay dividends or return cash to shareholders in some way. The board has yet to make a firm decision as to exactly at what point in the leverage journey we will start to return cash to shareholders and the quantum of such and timing of such a return. So that is not a decision we made yet. We will make nearer to the end of next year. But we do have that ability from the end of next year based on current projections.

Suthan Sukumar ***Eight Capital, Research Division - Research Analyst***

Okay, great. And just one last one for me. Keith was -- mentioned and touched on this in his opening remarks, but I think I missed the message here. You guys talked about exploring integration of Mandalay, the Mandalay business, with some of your current assets. If you can just sort of like expand on that a little bit more, please?

Keith Laslop ***Jackpotjoy plc - CFO and Director***

Well, we are -- I wanted to point out that we're exploring it. We haven't come to any final decision yet. But it makes sense for us to explore it for a number of reasons. We are -- we've owned all these assets for over 2 years now. We've just recently paid the Jackpotjoy earn-outs. So we agreed in 2015 not to cross-sell our Jackpotjoy database to other brands, but we can do that at this point. So it would make sense post earn-out payment to explore putting all of our bingo assets together, managed together. And as cross-sell is definitely an important part of our future, that's another reason to put those assets under the same roof, so to say. Worth mentioning that Mandalay actually is smaller than some of the subsegments within the Jackpotjoy business, so that's another reason to explore that. Also, to be honest, I might be wrong, but I don't know of any other gaming company that would actually split out its different bingo brands and report them as separate segments. Just intuitively, that doesn't necessarily make sense either. So I think we've grown up enough that it does makes sense for us to look at bingo more holistically. Having said that, we haven't made any absolute decisions on it yet.

Operator

The next question comes from the line of Harold Evans from finnCap.

Harold Evans ***finnCap Ltd, Research Division - Research Analyst***

I've got a question around POCT and customer retention and just whether you will be tweaking your business model at all to improve customer retention and whether we should be thinking about possibly slower player growth but -- and the high yields and the high retention. And then just separately, any feel on how your customer retention fares relative to your peers?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Well, our customer retention, we're very proud of. 90% of our customers that we've got this year, we inherited from last year and previous years. For those that have the deck and for those that have met us, Keith has a favorite slide, which is a cohort of customers, which is on Page -- I'm playing for time now because I'm trying to find the page number, is anyway...

Keith Laslop ***Jackpotjoy plc - CFO and Director***

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Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

We have been very good at retaining customers. And I think one of the reason for that is -- well, it's twofold -- threefold. Number one, if you look at our customer base, the average deposit size is GBP 15 to GBP 20, the ARPU is GBP 89. And when you talk to people, they see us as entertainment, fun, escapism rather than a gambling offering. So this is -- and if you look typically at any one point in time, there are 10x more people in the chat room than actually playing the actual bingo. So this is a core leisure activity for many people and a low-ticket activity because obviously, if you take GBP 90 and divide by 30 days, you're talking GBP 3 a day and the average duration on the desktop is 1.5 hours. So that is, I think, one of the key reasons for retention. The second reason we have a good retention is I believe that the Gamesys platform is one of the best platforms, if not the best platform, in the space. And if you look at the top 5 operators, we are the biggest and we are the only 1 of those top 5 that is on Gamesys. So we do have the point of differentiation. And it is a pure bingo app operator, that is what we do, that is what we focus on. So I think the retention is very high. Going forward, the point-of-consumption tax will obviously make bonusing more expensive. We are a bonus-light, other than Mandalay, which is a bit more bonus-heavy and I'd explain why. We are a bonus-light organization because we have the biggest liquidity and it is self-fulfilling. Where you tend to have a lot of bonusing is in companies, such as Mandalay, that are much smaller and need to attract more customers to grow in scale; whereas what we are going to do for Mandalay is cross-sell them to Jackpotjoy customers. So that will be their basis of gaining liquidity going forward. So I think, as always when you see a change in tax, there will a bit of turbulence in the first couple of months as people work out what they're doing and what competitors are doing. But thereafter, as you've seen in other industries, it tends to cement market share of the bigger players.

Keith Laslop ***Jackpotjoy plc - CFO and Director***

I do think longer term and possibly midterm, this tax on bonuses will be fantastic for Jackpotjoy U.K. I think that -- to answer your question, will we make any changes? We might not. I think I've mentioned before that the impact of POC on bonuses across our U.K. business should be about 3% or 4% margin hit. U.K. is about 2/3 of our overall business, so 2% to 3% margin across the group. However, we think that we can mitigate at least some of that. And I think that if anyone -- given that our Jackpotjoy margins were 47% this quarter, I think if anyone can withstand paying that and continuing to bonus, as we have done in the past, it's us. So that is a competitive advantage we have.

Operator

The next question comes from the line of Greg Sutton from Paulson.

John Alfred Paulson ***Paulson & Co. Inc. - Founder, President, Portfolio Manager, and Director***

This is John Paulson asking the question. Back to the point-of-consumption bonus tax, what actually is that tax and why -- you mentioned it perhaps could affect margins, I guess, in the second half by 3% to 4%? And why would that ultimately be a benefit for Jackpotjoy?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Okay. John, to answer that, at the moment, so if you think of gaming revenue, there are ultimately a number of deductibles from that. When the government bought in point-of-consumption tax, they took gross gaming revenue, and then the industry, probably didn't make the government fully aware, to be honest, can take bonuses off that, and then the net gaming revenue is the figure that the government then taxes. Now the government have realized that, that was an incentive for the gaming industry to bonus as much as possible. And therefore, they are changing -- which the government doesn't like that behavior and also feels it's missing revenue. So it's moving from a net gaming revenue basis to a gross gaming revenue basis. The law is due to change. It has not gone through Parliament yet. But Her Majesty's Revenue, which is the people that will police this, have said it will -- it doesn't matter when it goes through Parliament, but it will be effective as from the 1st of August, 2017. Now in terms of the second part of your question as to why we think we might be a beneficiary, now obviously, we are going to have a margin hit. We are going to pay the tax. I think the point that Keith was making earlier is that the benefit to us is it is going to hurt the bottom quartile of the industry so much more. And we hope that some of those companies will stop bonusing as aggressively as they do at the moment, making it a much more level playing field in bonus terms. And therefore, we will more readily pick up and recruit further future customers.

Keith Laslop ***Jackpotjoy plc - CFO and Director***

I'd put it this way, John. There's a long tail. In our deck, we list the top 5 brands in bingo. We believe that there is a very long tail, it's rumored to be 350 brands that target the U.K. market, bingo brands. A lot of those players are very small. And if you don't have deep pockets, the easiest way to market your product is through bonusing very heavily. So there have been -- there is a lot of smaller competition out there that just bonuses the hell out their product. And now that will have a real cost to them. So unless you do have deep pockets, which these players don't, they'll have to cut back on bonusing. It will impact their growth significantly. I think a lot of those players, probably not in the short term but in the medium to long term, will find their way to Jackpotjoy.

John Alfred Paulson ***Paulson & Co. Inc. - Founder, President, Portfolio Manager, and Director***

I see. And secondly, regarding the marketing spend, you say it's weighted towards the second half of the financial year. What are the terms of weighting? Was it 40% in the first half, 60% in the second half? Or can you quantify what the impact on marketing spend will have on margins in the second half?

Keith Laslop ***Jackpotjoy plc - CFO and Director***

No. I think that -- this is just for the Jackpotjoy business. I think that TV campaign will add low single-digit extra spend to our marketing spend, so call it GBP 3 million, GBP 4 million in Q3, Q4.

John Alfred Paulson ***Paulson & Co. Inc. - Founder, President, Portfolio Manager, and Director***

I see. And last question, you mentioned the expiration of the full pound of the earn-out gives you more flexibility. One thing was access to the database, another one was core selling. What other impacts does the fulfillment of the earn-out -- what more flexibility does it give you in managing your business that you didn't have before?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Okay, the answer to that is prior to the completion of the earn-out in June, Gamesys was effectively -- whilst we agreed a budget and we had quarterly review meetings with them, Gamesys was effectively running that business as, of course, they would because they wanted to maximize their earn-out. What has happened and happening subsequent to June is that we are now effectively managing the business. So we dictate the marketing, the level of marketing, where we undertake marketing, et cetera. So there has been a complete reversal of management control.

Keith Laslop ***Jackpotjoy plc - CFO and Director***

Yes, having said that, we're very close partners with Gamesys. Our Gamesys colleagues know the business as well as anybody. So we are working in close partnership with them. But we set the budget for 2017. We make all strategic decisions on the business.

Operator

The next question comes from the line of Simon Young from Heartwood Partners.

Simon Young

It's Simon Young here. Just on the cross-selling and the -- can you just give us a bit more data about the average player? Do they have 2, 3, 4 accounts, and therefore, you're trying to get them to consolidate into the top 2 and cross-sell them across? And does that mean that you can cross -- effectively merge the bonus pools to offer a bigger bonus pool, and therefore, get retention that way? Am I misreading the way you're talking about the cross-selling basically?

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

No, I don't think you are. I mean, if you look at a typical player, market research suggests a typical player has to up to 3 accounts. They have a strong preference towards one of those, where they tend to spend roughly 80% of their wallet and the other 20% is shared over the other 2. What we want to do is to maximize -- the hard bit in all of this is actually getting the customer in the first place. It's a bit like credit card companies. It's an expensive business. But once you've actually got them to the site and got them to deposit, you want to hang on to them. If, for whatever reason, they decide they don't like it, and that roughly accounts for 85% of them that join in a given year leave in that same year, and obviously we've had to pay to recruit that 85%, we want to offer them that they must have thought something is attractive because they came to a bingo site, they filled in some registration details and some of them deposited some money. So what we want to do is offer them another bingo product, say, or another casino product that has a different look and feel or a similar look and feel to try and hold on to them, having done the majority of the work to get them in the first place. And we can also recognize or in time, the algorithms around the combined database will recognize when it looks like players that are likely to churn or becoming a little bored of what we were offering on product A so that we can offer them product B. So that is the benefit of combining this altogether. We have not made a decision yet on bonusing, which will be a decision that we face during the course of next year, in terms of pooling bonuses and bonusing accordingly. But yes, once we have started this process, you can see us -- you can expect to see us trying to entice customers with perhaps bonuses or offers that improves their behavior.

Operator

(Operator Instructions) Okay, we have no further questions coming through at this time. So Andy, I'll hand the call back to you. Thank you.

Andrew Ross McIver ***Jackpotjoy plc - CEO, President and Director***

Thank you very much. Thank you very much, everybody, who's attended. And we recognize there's some -- definitely some loyal customers amongst you in terms of attending these calls. And for those of you that fall into that category, I'm pleased to say you'll have another opportunity when we announce our Q3 results on November 14. So look forward to seeing you then. Thank you all very much.

Operator

Ladies and gentlemen, thank you for joining today's conference. You may now replace your handsets. Thank you.