



24 November 2022

ASX Announcement (ASX: BBT)

Chairman's and CEO's AGM Address

Chairman's address

I am proud to be speaking to you today after a year of significant growth and operational and strategic progress. BlueBet came to market in July 2021 with a well-defined dual growth strategy that is based on winning domestic market share and entering the rapidly opening US market in a disciplined, 'Capital Lite' manner. By exceeding our Prospectus forecasts for all key metrics, we have delivered on both of those priorities in FY22.

BlueBet is a challenger brand with a unique model and approach to challenging the large market incumbents. We're proudly different, and in Australia we've continued to claim market share with a differentiated brand and high-quality product that resonates with Aussie punters, and one that has enabled us to grow organically and export our expertise and capabilities to the world's largest emerging market for sports betting.

The strategic vision and disciplined approach we have applied to enter the US gives us access to an enormous market opportunity, and I'm very proud of the team's efforts and progress this year. We're doing exactly what we said we would do, and the business continues to perform strongly. It has been encouraging to see our strong performance continue into FY23, as we continue to gain market share in the face of increasing competition from new market entrants.

Executing our strategy to capture a significant opportunity

There are many highlights from the past year, headlined by our expansion into the US, the establishment of our US headquarters in Denver, Colorado, and securing market access in four US states.

Market access agreements in Iowa, Colorado, Louisiana and Indiana set a strong platform for us to execute the first stage of our 'Capital Lite' US entry strategy under our ClutchBet US B2C brand. These states provide BlueBet with access to a combined population of over 20 million people, with a clear path to profitability given the attractive licencing fees, taxation rates, market size and media costs.

Stage 2 will see us partner with entities with an existing brand presence to provide our B2B Sportsbook-as-a-Solution offer, enabling a far more capital lite means of entering the US market than a mass market direct-to consumer offering. We remain committed to our strategy and

believe it is the right one to enable us to scale the ClutchBet brand in the US and achieve sustainable long-term profitable growth.

While the US opportunity is large and very exciting, I feel it's important not to overlook the strong performance of our Australian business.

Bill will elaborate further on our financial and operational progress in Australia in FY22, but I think it is important to acknowledge the fact that the Australian business was able to achieve continued strong growth in market share while delivering positive operating cash flow which gave us additional firepower to invest for growth alongside the funds raised in the IPO.

To accelerate our growth in FY22, we increased our investment in technology to ensure we can deliver an exceptional experience for our customers.

We also stepped up our marketing investment by almost three-fold, building our differentiated brand and further deepening our customers' affinity with BlueBet. To further our efforts here, we recently announced the appointment of Tony Thomas as Australian CMO to continue our push in the Australian market.

Relentless focus on the customer

BlueBet was founded in 2015 as a 'mobile-first' company, with a vision to provide innovative wagering products to Australian punters. Since that time, we have kept the customer at the centre of everything we do, and every operational decision we make is with a view to creating a platform and experience that will resonate and provide a great experience for our customers.

We regularly review our operations and practices to ensure that we continue to provide customers and partners with a responsible and considered wagering experience. We maintain stringent governance protocols and regularly review our practices to ensure compliance with our regulatory responsibilities.

Over the past year we have enhanced our customer protections and increased investment in responsible gambling initiatives through staff training, an updated transaction monitoring program, provision of monthly customer activity statements and integration with the National Self-Exclusion Register. Responsible gambling will always be a core part of who we are as a business and is why we strive to offer safe, high-quality, innovative, and engaging wagering experiences for all of our customers. In 2023, we will be commencing work with an external party to conduct an ESG Health Check to advise on any gaps and opportunities so that we can improve our ESG practices and disclosures which will communicate later next calendar year via our inaugural Sustainability Report.

Strong team and clear vision

I'd like to thank our team, led by Bill Richmond our Chief Executive Officer, for their outstanding effort and commitment to executing the strategy this year.

This year we continued to strengthen our team in Australia and the US by hiring some of the brightest minds both from within our industry and from outside to bring in fresh thinking and

expertise in key areas. We're building a world-class team to deliver our strategy and take us to the next level, and I look forward to seeing the team continue to grow in FY23.

Finally, I'd like to thank you, our fellow shareholders for your continued support. We're pleased to have achieved our Prospectus forecasts, but feel we are only at the starting line of a significant long-term growth opportunity.

The opportunity ahead for BlueBet remains tremendous, and I look forward to sharing the next phase of BlueBet's growth journey with our shareholders.

Michael Sullivan
Executive Chairman

CEO's address

I would like to provide some more colour on our strong financial performance for FY22, as well as our significant operational and strategic progress.

FY22 key highlights

In our first year as a listed entity following our successful IPO in July 2021, we were very pleased to have continued our strong momentum, exceeding all of our Prospectus forecasts, while scaling the business sufficiently to reach EBITDA breakeven (excluding share-based expenses) and delivering positive operating cashflow.

We continued to invest in product and innovation, which are critical to ensuring we can provide the best experience for our customers, and we made good progress in rolling out technology platforms, as well as a new website with new features and an enhanced customer experience. We launched our fastest ever mobile apps for Android and iOS, and our US Platforms were certified by GLI ahead of go-live in that country.

To support our growth plans, we continue to invest in world-class talent to grow our teams in Australia and the US. We made key leadership hires in our US business, and we now have an experienced team operating from our US Headquarters in Colorado which was established during the year.

We also achieved several key milestones in our US market entry. With market access now secured in Iowa, Colorado, Louisiana, and Indiana, providing the platform to execute Stage 1 of our 'Capital Lite' US market entry strategy. In August, we were very pleased to announce that we took our first US bets after obtaining our licence to operate our ClutchBet sportsbook in Iowa.

After all of this progress, our IPO proceeds remain largely intact due to the cash generated by our Australian business. We finished the year with over \$44 million in Corporate cash, meaning we are well-funded to continue executing our dual growth strategy.

Strong growth across all key metrics

We delivered strong growth in all key metrics in FY22, with our Australian business delivering a 64.2% increase in Active Customers for the 12 months to 30 June 2022 to 53,328. Turnover increased by 48.5% to \$511.9 million, driven by a step up in marketing investment, with 66% of Turnover coming from the mobile channel, the fastest growing and highest margin channel.

Net Win increased by 53.5% to \$54.6 million, reflecting a strong Net Win Margin of 10.7% and highlighting the benefit of our disciplined approach to managing promotions as well as the capability of our trading teams.

In a competitive market, we were pleased to see a high return on marketing investment, with brand recognition improving and attractive Annual Customer Value to Cost to Acquire a First Time Depositor ratio of 2.7x.

Australian marketing strategy

This high return on marketing investment has enabled the Australian business to grow to scale quickly enough to support the increased spend and remain Operating Cash Flow positive.

BlueBet has a focused and disciplined approach to marketing to promote our products and services, in order to acquire new customers, retain existing customers and maximise customer engagement.

In FY22, we stepped up our advertising and marketing investment by 190% to \$13.9 million.

We launched our second major brand campaign to coincide with the spring racing carnival and NRL/AFL finals. This campaign was an adaptation of the successful “Bluu-ee” campaign of 2020 and was supported by television commercials aimed at promoting high margin multi products which aired predominantly on regional and subscription TV channels.

We also deepened our connection with the National Rugby League by extending our naming rights agreement for BlueBet Stadium as part of our association with the Penrith Panthers Rugby League Team and signing a partnership agreement with the NRL’s newest franchise, the Queensland-based Dolphins.

US market entry

Currently, there are 21 US states with mobile betting legal and operating with a further four states pending final legislation and expected to go live in the coming months and expectations for at least 40 states to have some form of legalised sports betting by the end of 2023.

BlueBet is differentiated by our strategy and cost discipline. We have identified a number of markets based on market fit, rather than population or media market size, and recent trends out of the US have reinforced our confidence that our ‘Capital Lite’ strategy will deliver the most value for shareholders.

With four markets now secure, this provides access to a combined population of over 20 million people and a clear path to profitability in each of our jurisdictions given the attractive licencing, taxation and media costs in these markets.

With the team's immediate focus on executing our B2C Strategy in those four initial markets, we are commencing initial discussions with potential partners for Stage 2, our white labelled B2B Sportsbook-as-a-Solution offer.

Well positioned to execute dual growth strategy

In FY23 we have continued our positive momentum, with strong quarter on quarter growth across all key metrics and continued market share gains despite increasing competition from new market entrants and macroeconomic uncertainty.

In Q1, Active Customers were up 40.1% on the PCP, and Turnover up 5.6% to \$133.0 million, driven by strong growth in Sports and the mobile channel. Net Win margin remained above 10%, having cycled a very strong PCP performance during COVID lockdowns in our key markets of NSW and Victoria.

Q2 is off to a good start, with record unique Active Customers in October and strong average bet value being maintained through the key Spring Carnival period. Promotional activity to engage new and existing customers during Melbourne Cup week generated good results for us, with First Time Depositors up 39.7% and Turnover up 11.0% on last year. On Melbourne Cup Day itself, Active customers were up 16.7%, with First Time Bettors up 47% and the mobile channel accounting for 78% of bets.

Looking ahead, we see BlueBet continuing to grow share in Australia as we continue to invest aggressively for growth while remaining Operating Cash Flow positive. While historically we have seen Turnover remain resilient in the face of uncertain economic conditions, we will remain disciplined in our approach.

In the US, we remain committed to executing our two-stage market entry strategy and remain confident in our strategy. We have access to the markets required to execute Stage 1 and FY23 will be about executing through focused and disciplined marketing investment, while we look to secure partners for Stage 2.

To win in a competitive market we need to continue to invest in product and innovation to differentiate our product and user experience, and we will continue to leverage our Australian innovation and technology capabilities to build a US-centric platform that appeals to American punters.

As always, our success is due to the efforts of our team, who have done an incredible job this year to make great progress on two continents. I would like to thank the entire BlueBet team for a huge year in FY22. It hasn't been easy, but the team continues to punch significantly above its weight to build a business we're all proud to be a part of.

Thanks also to you, our fellow shareholders, for your continued support. I look forward to updating you on our progress as we move further into FY23.

Bill Richmond
Chief Executive Officer

This announcement has been authorised for release to ASX by the Board of Directors of BlueBet Holdings Limited.

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