



29 November 2021

ASX Announcement (ASX: BBT)

Chairman's and CEO's AGM Address

Chairman's address

I have been involved in the betting industry for more than 30 years and have witnessed the evolution of the industry over that time. Not only has the industry grown significantly in size and sophistication, but the way people want to bet has changed.

It is now very clear that the future of wagering is not just online, but mobile. That's why in 2015, we started BlueBet as a 'mobile-first' company, with a vision to provide innovative wagering products to punters betting on Australian and international racing and sports.

In the six years since, to 30 June 2021, BlueBet has grown to have over 102,000 Registered Customers, including over 32,000 Active Customers who placed over 6.5 million bets in FY21, 62% of them through mobile apps.

Our mobile-first approach is underpinned by the BlueBet wagering platform, which is a state-of-the-art, scalable, cloud-based platform that provides an optimal mobile experience for our customers.

I am very proud of the Company's performance in FY21, with strong growth in Turnover and profits achieved alongside our successful \$80 million IPO. To have exceeded our Prospectus forecasts for FY21 is very pleasing, and the result of a lot of hard work from the entire team, led by our CEO Bill Richmond. I'll leave it to Bill to talk more about our operational and financial results in a few moments, but for now I want to talk about the significant opportunity ahead for BlueBet.

Significant market opportunity

We have a dual growth strategy focused on increasing our market share in Australia, which is currently only ~1.2%, and entering the online sports betting market in the US, where there is considerable opportunity for growth resulting from legislative reform allowing legalised online sports wagering.

The Australian domestic market is currently larger and more mature than the US, however there is substantial opportunity for us to grow our market share, with investment in brand, customer experience and product innovation key to achieving growth over the long-term.

While the US market is currently smaller than Australia, it has huge growth potential given its large population and sports mad culture. 17 US states have legalised and are operational with online sports betting, with another five where it is legal but not yet live. We expect that a number of additional states

will join them in the next two to three years, as budget deficits place pressure on state governments to allow sports betting and realise the significant financial benefits.

Some analysts predict the US market could grow as large as \$40 billion over the next decade, and as with Australia, the online channel dominates sports betting in the US. Clearly this plays to BlueBet's advantage, with our strong technology capabilities and experience running profitable sportsbooks.

Our plan is to initially establish our credentials in the US by targeting licences in five priority states for our initial market entry as a business-to-consumer (B2C) wagering provider. This will be followed by the launch of a 'Sportsbook-as-a-Solution' offering under a Partnership model, a capital efficient strategy which will see us partner with US entities and enable us to generate additional revenue with less risk and upfront investment.

We are very excited about the opportunity ahead for BlueBet in Australia and the US, and we have a strong balance sheet and ample liquidity to pursue growth opportunities in both markets.

Doing the right thing by our customers

At BlueBet we take our commitment to provide our customers and partners with a responsible wagering environment very seriously. We regularly review our practices to ensure we are doing the right thing by our customers and have a robust governance framework to ensure we are complying with our regulatory responsibilities.

Some of the measures we employ to ensure a safe wagering environment include completing thorough identity checks and verification on customers' wagering accounts, operating pre-commitment and self-exclusion programmes, providing regular and adequate training for our team members and marketing our products responsibly.

We will continue to enhance our responsible wagering practices as we grow.

Building a winning team

One of the things that sets BlueBet apart is the quality of our people, and it is due to them that we were able to deliver a strong debut result.

I would like to thank our team, under the leadership of our CEO Bill Richmond, for their hard work during the year. Together they executed the IPO and delivered financial and operational results that exceeded our already high expectations. The Board and I look forward to the coming year which is shaping up as a big one for BlueBet.

Thanks also to you, our fellow shareholders for supporting our IPO. We have been pleased to see the strong results of the Company reflected in the share price performance since listing and look forward to continuing to deliver profitable growth and capturing the huge opportunity ahead of us.

As I said at the outset, I have been in the industry for a long time. The size of the opportunity presented by the opening up of the US market is genuinely beyond anything I have seen in my career. BlueBet is well positioned to take our share of this opportunity, while continuing our strong growth in the domestic market as we become a household name and deliver a memorable punting experience for our customers.

Michael Sullivan
Executive Chairman
BlueBet Holdings Ltd

CEO's address

Thanks Michael and good afternoon everybody.

FY21 was an outstanding year for BlueBet, as we delivered significant profitable growth, materially grew our Registered and Active Customers and almost doubled our bet count, while making good progress on key strategic and operational initiatives.

Pleasingly, we exceeded our Prospectus forecasts in all key metrics, and our Australian business is well positioned for continued growth, with the execution of our US market entry strategy remaining on track.

FY21 highlights

We were proud to deliver a strong performance in FY21, with strong top line growth, profitability and operating cashflows.

Turnover increased by 83.3% to \$344.7 million in FY21, driven by a material increase in marketing and advertising investment. Importantly, 62% of Turnover came from mobile apps in FY21, as the mobile channel continues to grow faster and yield a higher margin than traditional channels. Net Win was up 92.5% to \$35.6 million, driving Underlying EBITDA of \$7.5 million, up 45.7% on the prior year, and Active Customers grew by 45.7% to 32,472.

During the year we launched our first major brand campaign to coincide with the spring racing carnival across regional free-to-air television and pay TV.

We also continued to build a winning team, with continued strategic hiring in key roles across the business to support our growth. These include our Chief Financial Officer Darren Holley, Chief Technology Officer Gary Harris as well key trading talent with the establishment of our Northern Territory office.

We continued our strong momentum into FY22 with record bet count and Net Win and strong growth has continued into the second half of CY21.

Following the year-end, we signed an agreement with Dubuque Racing Association, the operator of Q Casino, that allows BlueBet to operate a new online sportsbook in the US state of Iowa. I will expand on this and our broader US growth strategy shortly.

Australian growth strategy

While the Australian domestic market is large, it is still growing rapidly, with the growth of the online channel significantly outpacing the total market. There is obviously a huge prize on offer in Australia and substantial opportunity for us to grow our market share from our current ~1.2%. Investment in brand, product and marketing is key to achieving this growth.

BlueBet has a targeted marketing strategy in Australia to promote our range of products and services and to acquire new customers, retain our existing customers and maximise customer engagement to become their preferred betting platform.

Having positioned ourselves as the "100% True Blue Aussie Bookie", in FY21 we increased our investment in above- and below-the-line marketing to great effect, with the launch of our first brand campaign, under the tag line "True Blue Betting", with a call to action to "Bet Australian". We also acquired the naming rights to BlueBet Stadium as part of our association with the Penrith Panthers Rugby League Team.

The successful inaugural brand campaign laid the foundations for our next multi-channel campaign which included our first foray into metropolitan free-to-air television after the end of FY21. This campaign took place through the key weeks of the footy finals and spring racing carnival, as well as airing on metro and regional radio networks and emerging channels such as BVOD through Kayo Sport and Samba TV, as well as digital audio through our sponsorship of podcasts.

We continued to increase our digital marketing investment and expanded our existing product offering as part of our 'Mobile First' strategy, while engaging key strategic partners which drives growth in active customers and first-time depositors.

In FY21, we had a Cost per First-Time Depositor of \$214 as result of our multichannel approach, which delivered an attractive 5.1x ratio to Average Annual Customer Value of \$1,095.

To help further accelerate Registered and Active Customer numbers, and therefore Turnover, we plan to accelerate our investment in brand advertising over FY22-23, which will naturally bring this ratio down in the short-term. However, investment in marketing will be key to driving our long-term growth and the IPO funding enables a step-change in the scale of our investment. In FY21 we invested \$4.8 million in advertising and marketing, however, looking ahead we are budgeting over \$14 million for marketing activities in Australia.

North America market entry strategy

Our strong capital position means we have the financial firepower to aggressively pursue growth in Australia and to establish our US business, where the pace of market growth continues to defy even the most bullish expectations.

Our plan remains to operate as a B2C operator in five US states to prove the capability of both our team and our platform in the US market. Shortly after year end, we secured our first US agreement, partnering with the Dubuque Racing Association in Iowa. The agreement is a skin agreement, meaning BlueBet will conduct our online sportsbook operations in Iowa as an extension of the existing casino licence, with the new online sportsbook offered through BlueBet's mobile app and website platforms. Iowa is a US\$1.2 billion wagering market, 85% of which is now placed through mobile or online, and we expect to start taking bets in early 2022.

We continue to aim to be live in three states in North America by the end of CY22. There are a number of opportunities for us to pursue and we maintain a flexible and dynamic approach to assessing markets. We will be looking at states where we believe there is a clear path to profitability, where online wagering is legalised state-wide and taxation and regulatory arrangements are commercially acceptable.

Our 'Sportsbook-as-a-Solution' B2B strategy allows us to access the broader US market via a full end to end solution, while minimising customer acquisition cost. We expect it to be attractive to potential US partners who are looking to rapidly grow a sportsbook business and benefit from BlueBet's expertise and technical proficiency. This model provides us with the opportunity to access the exciting North American market while maintaining a capital light approach that has a clear path to profitability.

We are in the very early innings of the development of the US market and expect to secure additional licences in other US states in FY22 and grow the business aggressively, with \$30 million of the IPO capital to be invested towards entering the US market.

Trading update and outlook

We have seen this strong momentum continue into FY22, with Q1 FY22 a record quarter for Bet Count, Turnover and Net Win.

Turnover in Q1 FY22 was \$125.9 million, up 67.4%, with Net Win of \$14.8 million, up 87.6%. Importantly this growth was profitable growth with Net Win Margin a healthy 11.8% for the quarter. We had 39,195 Active Customers at the end of the quarter, an increase of 63.8% on the prior year.

We remain confident of exceeding our Prospectus forecasts for 1H FY22, following a strong performance during the Spring Racing Carnival. In the September Quarter, we achieved 57.5% of our 1H FY22 Turnover Forecast, 60.2% of Bet Count and 66.4% of the Net Win metric of the Forecast.

On behalf of my fellow Directors and our management team, thank you for your continued support.

I would like to thank the BlueBet team for their hard work and commitment during this financial year, as well as our partners for continuing to work alongside us, and our customers for choosing to bet with us.

I look forward to updating you further as FY22 progresses.

Bill Richmond
Chief Executive Officer
BlueBet Holdings Ltd

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

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About BlueBet

BlueBet is a mobile-first, online bookmaker with a vision to provide more innovative wagering products to customers of Australian and international racing and sports.

BlueBet offers wagering products on 31 sports in Australia and internationally, plus entertainment and politics wagering markets. BlueBet provides customers a wide range of traditional wagering products as well as more innovative products, such as Exotics, Same Game Multis and Same Race Multis.

BlueBet is powered by a scalable, cloud-based technology platform, which has been materially customised and enhanced by the Company to focus on providing customers with the best experience possible. BlueBet has developed its customer-facing technology platform, website and native apps with a mobile-first strategy, to deliver a premium mobile experience to the customer.