Super Group (SGHC)
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<<Bernie McTernan, Analyst, Needham & Company>>

Great. Good morning, everyone. Thank you so much for joining us. I am Bernie McTernan, the Internet & Consumer Tech analyst here at Needham & Company. And my pleasure to introduce the team at Super Group. We have Neal Menashe, CEO; Alinda van Wyk, CFO; and Richard Hasson, President; and Lisa Kampf, Head of IR. They're going to go through a brief presentation on introduction to Super Group, and then if you have any questions, please type them in the portal. We'll be sure to get to them. I have my own questions as well. But without further ado, turn it over to the team at Super Group.

Slide 5: Super Group Overview

<<Neal Menashe, Chief Executive Officer>>

Thank you, Bernie. Good morning everyone. Super Group is a pioneer sports betting and gaming business made up of two parts; Betway, our single brand sports betting offering and Spin, our multi-brand casino offering. Our emphasis is on single versus multi-brand is important because a single global brand is the best way to leverage the large international marketing and sponsorship spend that is only possible in sports.

Online casino on the other hand, is a space where customers look for variety and value, which means that a portfolio of brand works better than only one.

Both Betway and Spin are pure-play online-only businesses with global footprints and we have been around for more than two decades. All our sports betting and online gaming offerings are underpinned by scalable tech, which we either own or control the roadmap for. The level of control is a key strategic advantage for fast and effective entry into new markets and ongoing evolution of existing ones. Our proprietary marketing and data analytic engines are also strategic advantages that empower us to provide a unique, customized, safe and responsible gaming experience.

Slide 6: Key Investment Highlights

Here are some metrics to show you the size and global reach of our business. For the trailing 12 months ended September 30, 2022, we handled more than $31 billion in wagers. We entertained on average 2.7 million monthly active customers concluding the period with 3.1 million customers for September 2022. We held licenses in more than 20 jurisdictions. We employed

teams on the ground in 22 countries supporting over 29 languages. These numbers do not include the USA where Super Group has now entered on January 1, 2023 through the acquisition of Digital Gaming Corporation. There's a $53 billion TAM to go after in the U.S. and Richard will provide us more detail on our strategy there in a moment.

Slide 7: Balanced Segment and Geography Breakdown

These are some high-level metrics to show everyone that our business is pretty well diversified. Our Net Revenue split is almost 50/50 between Spin and Betway segments. We have a good geographical spread with our largest regions being Americas, which is mainly Canada for now, Africa and Europe. In 2023, we'll be breaking down Betway into two segments, being Betway USA and Betway Rest of the World.

Slide 8: Business Update

Super Group is uniquely positioned to take advantage of projected growth in the global online betting and gaming market. In 2022, we successfully transitioned to regulated markets for sports betting in Germany and online casino and sports betting in Ontario, Canada. We went live in the Ontario regulated market with Betway in August of 2022 and Spin in September, both are tracking in line with our expectations. We are very well positioned to enter additional new markets and to expand existing ones and there's opportunity for growth and profitability.

Our approach to new markets has always been strategic and selective, and we will continue reevaluating this. If a path to an attractive or long-term ROI does not exist, then we'll adapt our approach or even exit a market if necessary. We have always run a profitable business for over two decades and we intend to keep it that way.

On the marketing front, we have over 60 active partnerships spread across the world. Major international sports including soccer, basketball, tennis, esports, and golf. Our reach is far and wide. Very importantly, our balance sheet is strong and we are debt free. We generate a lot of cash and are actively looking for ways to use that cash for long-term shareholder value. In recent months we closed the acquisitions of DGC in the USA and Jumpman Gaming in the UK, and successfully completed a warrant exchange in December that significantly simplifies our capital structure. Yesterday we announced a buyback authorization for up to $25 million for 2023, which provides an efficient way to return cash to shareholders and helps support an orderly market.

Slide 10: Betway and Spin offering

I'd like to quickly show you some of the subtle, but key differences between Betway and Spin. First and foremost, Betway is a sports-led brand with a strong emphasis on the sports calendar around the globe. In addition to sports and very importantly, Betway also offers online casino, but Betway's casino customers are different from the customers that we have at Spin. And so there are subtle differences in the positioning of Betway's casino's products.

Spin's product offerings are all about online casino with a strong emphasis on giving customers value for money throughout the experience. Spin does this through a combination of a few thousand games covering the entire spectrum of slots and tables together with deep real-time analysis of every customer and real-time personalization of each customer's experience of the product. Spin's portfolio of brands includes the well-known Spin Casino and JackpotCity Casino, both of which have been around for more than two decades. The takeaway here is that subtly different approaches are necessary for sports-led businesses versus casino-led businesses and Super Group is a leader at optimizing both.

Slide 11: Successful and Distinct Approach to Branding and Marketing

When it comes to marketing and again, there are subtly different requirements for our sports and casino. Product and brand variety is important in an online casino space, partly because marketing at scale is usually harder to access for pure casino brands. This means that there is a very strong focus for casino on digital and other forms of targeted, trackable marketing including affiliates. But, of course, Spin also does TV and other mass media where it makes sense, but always with a careful analysis of spend and ROI. In contrast, sports allows for marketing at scale and Betway's single brand across the globe ensures that brands spend in one country will also benefit business in other countries. Betway has about 60 plus partnerships and sponsorships, therefore continually reinforcing the Betway brand across the world and support all the marketing activity.

It is important to understand, I think even for the economics and efficiencies of this. With a single sports brand, the cost of even a single country campaign can be effectively amortized across the entire globe.

For example, Betway's spend on the NBA is amortized across all of the countries where our customers bet on the NBA, and see the Betway branding when they're watching a basketball game. Plus, we know that we very effectively can support our NBA partnerships with localized marketing campaigns in other countries using TV, affiliates, digital, pay-per-click, SEO, and retargeting. And, of course, the same applies for all other sports, especially soccer, where the global reach of the major leagues is massive. And with this, it helps to drive the business across our sports as well as casino.
So, the scalability of sports marketing and amortization across the globe we can get efficiencies of scale for Betway while with Spin, there's more emphasis on shelf space with multiple brands

and digital targeting across multiple channels. And, of course, for both Spin and Betway, we always do all of this with thoughtful analysis of costs and optimization of ROI.

Slide 12: SGHC Understands the Benefits of Controlling the Tech Stack

Fundamentally, we are digital pioneers, everything is online and we are driven by data and tech. From day one, we've understood how important it's to control the front-end of the product so that we can optimize all aspects of the customer experience, and of course, controlling the backend. And why because you have to adapt to new regulations and enhance our marketing returns.

And getting that right means controlling all of the data points and analytics so that what we have done since we started has been part of our DNA. The business was started by return on the first marketing campaign that went out and we wouldn't be sitting at two decades later if we hadn't returned and continue to return on these marketing investments.

So basically, on a technology level, we are pretty unique in the sector. We have more than 95% of the business by revenue. We only use technology that we own or we license through exclusive agreements with our partner company called Apricot. There are a few minor exceptions to this rule, but we allow that for specific reasons, but the aim is ultimately to move all of the cases over to proprietary or exclusive technology in the long run.

On the data side, our proprietary models and systems are built on top of massive amounts of granular data to understand our customers in real time, enhance interactions with them in real time in order to customize and optimize the experiences of our products safely, responsibly, and profitably again, all in real time. So, for both data and tech, we think that we have significant advantages over competitors who are licensing generic off-the-shelf products.

Last thing to note today is that during our third quarter conference call, we disclosed that we are in discussions with Apricot to explore the possibility of obtaining full ownership of our sports book's technology that we can license exclusively for our Betway product. Obtaining full ownership of this tech would give us greater control over costs and ease of deployments into newly acquired companies. These discussions on early stages and we'll provide an update when warranted.

I'll now turn the presentation over to Richard who can continue.

Slide 14: Strong Global Position Provides a Base for Future Investment

<<Richard Hasson, President and COO>>

Thanks, Neal. Hi everyone. Super Group has been entering and scaling new markets since we started, and we've strategically designed and structured our business for exactly that purpose. Betway's global branding means that we enter new markets already warmed up by our global sponsorships and partnerships. And Spin's more tactical approach is highly replicable in markets where mass media is harder to access.

Our tech stack replicates across markets. It's highly scalable and adaptable and everything that we do is driven by data, aiming to provide this at a deeply individualized level for all of our customers across the globe. All of this means that we're highly cash generative, which continuously brings opportunities including tuck-in M&A, strategic partnerships, entering new markets and acquisitions such as our recent acquisition of Jumpman and DGC. So Super Group is a 20-year overnight success. That most importantly is one that we've carefully structured and designed to continue to succeed into the future.

Slide 15: Acquisition of DGC Provides Access to US Market

The DGC transaction is very exciting for us. We're now operating in eight U.S. states, including Ohio, which went live on the same day, January 1, that the transaction closed. DGC historically licensed the Betway brand in the U.S. Acquiring it means that we can directly implement our playbook the same as we've done all our other markets around the globe. That means all of our branding and marketing skills, all of our data expertise, and implementing our own tech stack over time.

Obviously, the USA is a massive multi-year investment opportunity. The TAM is around $53 billion and the next three to five years is going to require significant investment into a number of areas, including our tech, our brand and customer service. We'll be watching each state closely. We'll treat each one as a stand-alone business that needs to be profitable in its own right within a reasonable period of time.

We'll be funding this from the cashflow that we consistently generate elsewhere around the world and ultimately we'll have an attractive and profitable business in the U.S. We expect that steady-state EBITDA say five years from now will be substantial, but of course, right now we can't be precise about what that is going to look like. This is marathon, not a sprint, and it's no different from what we have been doing elsewhere around the world for the last 20 years.

From the investor point of view, the best way to see this acquisition is essentially as a call option on America. Our global business will continue to run as before we expect it to continue to grow and to generate cash and this acquisition is an opportunity for upside on top of that. Alinda will now run you through some detail on the numbers. I'll hand over to her.

Slide 17: Maintaining Profitability and Generating Cash

<<Alinda van Wyk, Chief Financial Officer>>

Thank you, Richard. As the slide shows, 2021 was a record year for Super Group. During 2022, we experienced pressure due to a variety of factors; as did the rest of the world, but our results remain strong. We are expecting to achieve our guidance for the full year, which means that we continue to be EBITDA profitable and cash generating.

We have not reported quarter four 2022 yet, but I can give a bit of color for the quarter. Across the business, customer activity was strong with record numbers for new and monthly active customers, thanks to the FIFA World Cup. Online casino was impacted by Ontario, where the process of customers transitioning onto our regulated platforms continues. In sport, the FIFA World Cup was profitable for us. Unfortunately, also we experienced some challenging sport margins in November and December. But overall, we are comfortable with our performance in the fourth quarter and that we will achieve our guidance for the year.

For 2023, we are not going to give guidance just yet. We are currently working on it and we will announce it when it is ready. I can tell you that right now our existing markets around the world remains stable and diversified and we continue to provide opportunities. On the cost side, we continue to take a hard look at our expenses, and I'm confident that we are going to get the numbers that we previously discussed, the cost reductions.

Slide 18: Cost Structure Breakdown

Let's take a quick look at the breakdown of our cost structures and operating leverage on Slide 18 of the presentation. The cost base consists of three main categories, mostly split between the variable and fixed elements. First are the direct expenses, that are variable in nature with direct linkage to revenue, when revenue goes up or down so do these expenses usually without any meaningful economies of scale.

Second is marketing. Some of these costs are also variable, including affiliate marketing or other expenses that are structured as revenue shares. The remainder are fixed for at least short periods such as sponsorships and certain acquisition and retention costs. We can dial these up and down relatively quickly, but usually with a bit of a lag. Lastly, as our operating costs, which are mostly fixed and therefore take longer to adjust and are generally more prone to things like the effect of price inflation.

These costs materially increased in 2022 due to the cost of running a public company, higher staff costs and extra investment in technology.

Our operational year-to-date EBITDA margin as at the end of quarter three was around 17%. And that's not where we want to be. So, we are actively reviewing and carefully optimizing all our

costs, and we are working on synergies within all our subsidiaries combined under the holding company Super Group that became a public company almost a year ago.

Thank you very much. I will now hand it back to Neal to conclude.

Slide 19: Investment Summary

<<Neal Menashe, Chief Executive Officer>>

Thanks, Alinda. So, in summary, Super Group consistently generates a healthy level of revenue and EBITDA and we remain uniquely positioned in the global online gaming universe. Can we just go to slide 19 please. We have a diverse global footprint across sports betting and iGaming, which means continued opportunities for growth and profitability. We're an online-only business with control of our tech stack and our data. We are profitable, we are debt free, highly cash generative, which is unique in the sector. And we have a team that's been weathering all types of challenges for over two decades. Super Group is a strong company with a healthy balance sheet. We'll continue to go after long-term profitable growth with a team, with a proven track record and we look forward to having you join us for the ride.

Thank you very much.

Q&A

<<Bernie McTernan, Analyst, Needham & Company>>

Great, thank you. Great presentation. Maybe just to start, and again, if the audience has any questions, please type them in the portal and we'll be sure to get to them. But to start, just being the beginning of the year as a way to look back to last year and then also thinking about the priority list for 2023. What comes to mind maybe is one or two of the key accomplishments in 2022, and then probably more importantly, what's at the top of the priority list as we look at 2023?

<<Neal Menashe, Chief Executive Officer>>

So, I think in 2022, was we were a newly listed business. So, we had to take this business that's been a private business for over two decades and make it a public company on the New York Stock Exchange, which we did successfully and get all the systems and processes and everything there. And then I've got to get used to doing all these earnings calls every quarter. But for us, again, it's all about making profitable business. So what 2023 is? It's about taking on these macro effects that are in the world and ensuring that each country is a business unit for ourselves and that they'll become profitable. And some we investment stage, some we are returning good

money and it's about taking that together with our team of over 4,000 people and delivering profitable long-term growth.

<<Bernie McTernan, Analyst, Needham & Company>>

No, and that's a great segue to the next question. This is the number one question we get across the space, but how resilient do you think sports betting could be as macro headwinds worsen? I know you guys operate globally, Europe was probably already weaker last year, but especially as we're thinking about, your entry in the U.S. and the opportunity.

<<Neal Menashe, Chief Executive Officer>>

So, I think listen, when it comes to sports betting customers or online casino, iGaming customers, it's all about disposal income, and it's all about the discretionary disposal income. Gaming has been around for decades and decades. So for us it's about, it's all about the customers and that they enjoy what the entertainment that, that the sector offers. And for us, it hasn't gone anywhere in the past, but again, we've never been in an environment where you've had these inflationary pressures, but as you can see from Alinda and the numbers, it's highly resilient.

<<Bernie McTernan, Analyst, Needham & Company>>

Right. And is there a difference between iGaming versus sports betting or it's still just all entertainment value so there's…

<<Neal Menashe, Chief Executive Officer>>

It's all entertainment value and it's where the end consumer decides to spend, which is why we've got both in our arsenal.

<<Bernie McTernan, Analyst, Needham & Company>>

And I know you guys are highly focused on really managing that customer journey and each customer individually. I mean, how does the model change in terms of how you're managing that customer journey at – if the macro does in fact get worse?

<<Neal Menashe, Chief Executive Officer>>

Basically these, listen, the business is built, these businesses are simple. They're built on return on marketing. So it's all about you spend on marketing and you're getting a return. So, we've been doing this for two decades, nothing changes. It's about are you buying the customers at the right value, at the right number, and then are your retention rates enough that they're higher than what you're acquiring? And that hasn't changed, and it's about getting those metrics right.

But there will might be some markets where the cost of acquisition has gone mad, where you then say, well, we pull back in those, but because we diversified across the world, we've got this constant ability to be able to increase, spend, decrease spend, spend more, spend less, and of course, we've got this global brand that helps us with our global sponsorship that we can then amortize across all the markets. So different markets or countries as we like to say might be in different states, and depending on the inflationary pressures that they're feeling in those markets.

<<Bernie McTernan, Analyst, Needham & Company>>

Understood. And Alinda, you had some interesting comments on the World Cup certainly seems like it was strong for you guys. And so just to put a finer point on it, was it also it seems like a drove customer acquisition, did it also drive higher spend per customer? That's a key question we get from investors is, was the World Cup additive? Or was it a substitute where customers just moving around spend and thinking about the ARPU and the gross ad impact to you guys?

<<Alinda Van Wyk, Chief Financial Officer>>

Yeah, thanks Bernie. I think we are in a good position with the World Cup. But as I also just said after that is, we had quite a tough November and December, quite tough months with margin on sports. But that is, I think what makes us unique in the sense of that we can substantially be so diversified that if you have – that if your sport calendar is over the year and you have some months that's not as strong in margin, your iGaming business uplifts in the overall revenue numbers. So even though the World Cup in the end was successful on margin, we did unfortunately have on other events a worse margin. But overall that had a big benefit for those months. Yes.

<<Bernie McTernan, Analyst, Needham & Company>>

Okay, great. And then moving over to tech stack, you mentioned in the prepared remarks, just thinking about exclusive proprietary content where you guys see the long-term going in current negotiations with Apricot, how do you guys think about that decision internally? Is it all about product, it's about cost containment and the ability to drive margins over time? Just what's the benefit if as you go down that path?

<<Neal Menashe, Chief Executive Officer>>

You know, these businesses are, as I keep saying, they're online. So the tech is what is the fundamental cornerstone of this. You can have the greatest marketing team in the world if you're bringing into a product that, that can't give you the retention rates you need, you don't have a business. So, we've always been tech focused and we've always got the front end and the analytics and some of the back end. So with Apricot, because we can control these roadmaps and then get more control with them, is it's all about the tech. If this business is about the tech in all parts of it, and we need to be able to take that, enhance that and go into markets and decide,

which we have been doing, and we can't be waiting in queues, with other competitors as our who use the same product.

So no one uses the same product as our, so in our case, that's for us is unique that, and we can then take this and start delivering in the markets that we want them to deliver for us in. And the features and new enhancements that we as a business need country-by-country. Remember each country is a separate business. It's got separate needs for these tech stacks, which is why we got these teams all over the world. You can't just put a blanket dotcom approach to the world. It just doesn't work like that.

<<Bernie McTernan, Analyst, Needham & Company>>

Right. Is there a gross margin saving? I know some of your competitors in the past have spoken about, when you're in-sourcing the tech stack there is gross margin savings versus…

<<Neal Menashe, Chief Executive Officer>>

Over time. Yes over time, yes. But you've also still got to spend on the tech stack, right? Yes. over time you've still got to spend and it's also about is that spend delivering you extra return and then yes, of course, there is gross margin percentage increases there.

<<Bernie McTernan, Analyst, Needham & Company>>

Okay. Understood. Maybe moving over to brand investments on, in the presentation you mentioned, you're working with over 60 brands, but just how should investors think about the investments that you're making and maybe some of the highlights of those investments?

<<Neal Menashe, Chief Executive Officer>>

Okay.. and then Richard, you can add in, if I leave anything out. Basically for us, it's very key. We do not take the whole marketing budget of that way and spend it on brand. That would be crazy. Brand is a subset of the marketing budget, and I keep saying this. So what we are – so, but because we are across the globe, if we do the NBA, if we do soccer, it's all about that, that our big bet on sports are the NBA, are soccer. So when people are seeing us, it's just reaffirming the brand. At the same time, you still have to do your PPC, your SEO, TV, et cetera to enhance it. But because it's one brand, when we spend on the football, it's for everyone we spend on NBA; it's for all our countries.

And I think that's what's key and that's why we do it with Betway as one brand and we don't have multiple sports brands. And it's also getting the right cost, it's like – it's and like in sponsorship or LEDs or whatever we do, it's about is it, is the amount you spending relative to the – to what the message you're trying to get across on the brand. Does that make sense? And is that – it's the same way that you would only spend on PPC, if it makes sense, but if the PPC rates go too high, you need to come back. We have to – we continually monitor that. So it's

getting that framework right with, in our business, which is how – which is what we work on all the time and what sports mix do we want? Do we want a bit more cricket? Do we want a bit more tennis? Do we want this? Do we want that? That's constantly what our teams are doing.

But obviously with some of the sponsorship deals, you signed up for longer periods of time, but then other ones are some, but over time other ones are coming out of them. Do we renew them? Not so we constantly looking at that. It's no different to doing TV and other long-term investments like that. But for us it's really important that it's one brand when we model it.

<<Bernie McTernan, Analyst, Needham & Company>>

Got it. Yeah. So maybe it, yeah it might be fixed in a given year, but really that brand investment over a longer period of time, you can dial it up or down given yeah,

<<Neal Menashe, Chief Executive Officer>>

And as your revenue goes up, you can decide, these online businesses and trade marketing wise between certain ratios of net gaming revenue. So, if your revenue's going up, you've got a bit more marketing money to spend if you want to keep that marketing ratio at the same percentage so you can decide what to do. So, we are always happy to have a ratio that we happy with that continues for investment. For example, we could increase profits by a $100 million by just dialing down our marketing, but you'll have short term impact of profitability, but maybe not long-term. So it's always that and getting those levers, right.

<<Bernie McTernan, Analyst, Needham & Company>>

Is there a way to think about your marketing mix brand versus more performance based?

<<Neal Menashe, Chief Executive Officer>>

We've got both. And so for us it just depends in Betway. a certain percentage of it will go to brand and the rest will all be on the other channels. And Spin doesn't do as much brand. There's a little bit of brand, but it does a lot more of the digital. So it's, again, it's a mixed and per country depending on what the country's needs are, et cetera.

<<Bernie McTernan, Analyst, Needham & Company>>

Okay. Any and thinking about competition and marketing? I know you guys are global, so but asking maybe to zoom down if there's any countries where, the competitive landscape is, is changing or not, and if we're seeing that now or if things are broadly getting easier.

<<Neal Menashe, Chief Executive Officer>>

Richard if you want to add here?

<<Richard Hasson, President and COO>>

Yeah, I mean nothing specific comes to mind. I think to Neal's point, they'll each be assessed on a market-by-market basis. And if things, for example are getting out of whack in terms of the cost versus the expected return, and then we'll say reallocate those funds to other markets, we were able to generate better return. We're not going to say spend those marketing dollars for the sake of spending, if certain market dynamics change. And we'll have the ability to be responsive to that.

<<Neal Menashe, Chief Executive Officer>>

So, like for example, the USA, there's been a lot of spend there, but again, you can't continue to spend if your CPAs are higher than your lifetime values. But we've seen this before and it's about bearing the time and having a global business where you can see these trends. Because everyone's overspending doesn't mean you have to overspend. And I think, I mean we've been through this and this is how we built the business up. Remember this business was built literally by taking the first marketing money, spending it, getting a return, then making profit, then reinvesting and reinvesting and that's what you get today. So marketing is the core of this business, but of course, core is the tech that sits around it. And then of course the people, the key people, you've got in your organization to help deliver all the products and marketing that you need in these markets across the world.

<<Bernie McTernan, Analyst, Needham & Company>>

Right, right. And maybe to another, obviously key theme over the past year has been how companies are able to balance growth versus profitability. How do you want investors to be thinking about how you guys view that equation? And then as we think about Super Group over a multi-year period, kind of like where does the margin expansion come from? It might go back to Alinda your side on like the fixed costs and keeping those flat, but just how should investors think about this?

<<Alinda Van Wyk, Chief Financial Officer>>

Yeah, we like to say that our business is a business of margins. So obviously like we say, our variable cost is in line with your revenue. There's some savings, but it's not of any scale or strategy for some savings, especially like around processing of funds. But then your two big baskets is marketing. And like Neal just said, I mean it's very easy to get your profit margin up by slicing your marketing budgets and that's definitely not our strategy. We've actually on the deck given some ranges of what we feel is acceptable ratios for these cost categories. And we adjust every market according to what we feel is good for that specific market.

And then the G&A is the one that we can control and that we now, effectively in the last year since Neal just said, it's a year into listing, it's been quite an eye opener. There's a lot of

compliance costs and just generalized extra administrative costs of being a listed company. And we, but that's the one that we can control as well. That's the one we, with what we are working on with our teams, finding the synergies with our subsidiaries and just do and just working more effectively together. So if you say, and that's what why we are busy with the 2023 guidance output, but if you really focus on where you can save there, that's where you will have quite an impact on the improvement of your operating margin. So that's just what we are working on.

<<Neal Menashe, Chief Executive Officer>>

Yeah, but it's not growth at all costs. I think it's, you need to make profit and growth and you got to find that balance. So it's not like you can't go and invest in new markets. DGC and the USA being one, which we talk about, you've got to put that into the subset of investment. And then you've got your other markets where you investing if you're seeing the returns on the marketing, et cetera. So, but it's definitely not take it all and spend it all on marketing and make your marketing ratio a 100% of your net gaming revenue. That's we have never done that and then that's not what we're going to do.

<<Bernie McTernan, Analyst, Needham & Company>>

Right, right, exactly.

<<Neal Menashe, Chief Executive Officer>>

We want to make, we've got to bring profits at the end of the day.

<<Bernie McTernan, Analyst, Needham & Company>>

Maybe moving up to Canada, how is Ontario going? How does the competition feel? I mean we were all very, focused on this when it launched in April. Operators seem to talk about it a little bit less now, but just how does the market feel, especially at the competitive level?

<<Neal Menashe, Chief Executive Officer>>

I think it's more rational than what went on in New York. and I think, it's in-line with our expectations, it's been a good transition over, it's in line with our expectations and it's only been like four or five months, but it's going well and the products are working. Listen, there's still some payment issues in Ontario because some of the banks still don't allow you to do payments in Ontario because their systems aren't up to speed for the whole of Canada just to isolate Ontario. But that will take time and as they get that, so yes, but it's normal for what we've seen in other markets that have become regulated.

But we could be doing this so long, the transition has, it's a lot of work and remember you take all your tech teams have to then do this. We've done it in Germany and it then just, it is just working with, with within these markets and making sure that the CPAs that you have to pay are

not totally wild because otherwise no one's going to make any money. So, we are very conscious of that, but we are moving our customers over and have moved them over, so there's, so yeah, so we're very comfortable with that.

<<Bernie McTernan, Analyst, Needham & Company>>

Is there regulatory momentum in other provinces outside of Ontario?

<<Neal Menashe, Chief Executive Officer>>

Not much, Richard…

<<Richard Hasson, President and COO>>

No. I mean, we're obviously tracking that with a number of the guys across the country, but nothing that's worthy of mentioning at this point.

<<Bernie McTernan, Analyst, Needham & Company>>

Got it. Okay. And maybe moving down to the U.S., I know Richard, you touched on it, but maybe just put a finer point just walking us through that opportunity that you see, in the U.S. why now, why is it time to go after DGC and really, make it owned and operate instead of just licensing the brand?

<<Richard Hasson, President and COO>>

Sure. So, we've been working with DGC for a number of years as our brand partner. And you know, since the announcement and obviously before that, it was always our plan to ultimately bring it in house. We've obviously now we've closed that as of the 1st of January, which for us, obviously a very exciting opportunity access to a massive TAM $53 billion. And we look at that and we have the ability now to get a lot closer to DGC and to the team and to work with them in applying our proven playbook now to the U.S.

They've got today, they've got access and are live in eight states. One of those actually, like I said, went live the day that we closed that transaction. There's a long road in the U.S. too. It's not something, which is going to be an overnight success. We are very comfortable that it's going to be a multi-year investment. And it's one, that where we'll apply the same thinking in terms of generating those returns and finding those returns in the market. And like I said, buying what we've applied elsewhere in, across into the states that makes sense. We're not going to go into every state for the sake of being there. We're going to be in the state that we see as commercially viable and working with the DGC team in terms of growing the Betway brand out into those markets.

<<Bernie McTernan, Analyst, Needham & Company>>

What factors, are you weighing in terms of estate being commercially viable or not? Is it, the size, because I'm, does competition really change, that differently from state-to-state, aside from New York when it first launches, but just would love to get, the variables you guys are weighing.

<<Richard Hasson, President and COO>>

So, you've got in terms of, if I go back to Alinda's comments early in terms of breakdown of those costs. We've got there the tax rates in the states and then in the majority of data you've got the market access fees. So that look at those as almost a combined access fee. And when you talk about competition, we look at that and we all have a belief that over time that the marketing that we are seeing is going to rationalize. So for us, we stick to what we know, we look at the returns and we're not saying that we've seen competition in every market, that we operate in across the world, right? And we look at this on the merits of what are the cost of being, what is the cost of being in each state? And then, can we generate returns there by reasonable and sustainable investment.

<<Bernie McTernan, Analyst, Needham & Company>>

And how do you think your product will differ from other B2C operators or what's the pitch going to be to get, customers to use that way instead of a DraftKings or FanDuel?

<<Richard Hasson, President and COO>>

So as Neal said earlier, product is obviously very important, but it's part of a number of other components. So it's called the resonance of the brand. And ultimately it's how a customer is engaged once they're in the ecosystem. So, we're fortunate to bring more than two decades of experience to that customer experience treating and aiming to treat every single customer as an individual customer, giving them a very personalized, a very bespoke experience. And we always say customer's only one click away. So it's taking their proven playbook from elsewhere and now applying it into the US.

<<Neal Menashe, Chief Executive Officer>>

And in the product offerings we've got that work in other markets we can bring in there. That's why we need the tech stack, that we use everywhere to be used in the U.S. and that's what's key. So all the marketing techniques, product upgrades you're doing, specials features, you're trying, so that's, and then you've got your trading team that can then trade the whole world. So the same trading team can trade the U.S. now, because they trading in those U.S. sports anyway because people from all over the world bet on those sports.

<<Bernie McTernan, Analyst, Needham & Company>>

Right. And Neal on that point, how many, just globally, how many different tech stacks are you running right now? Because I believe there's your own, there's Apricot, I thought there was a couple, one or two…

<<Neal Menashe, Chief Executive Officer>>

No, and there's a few like, like one or two others, but that's it. But it's mainly our own one in, which our Apricot team runs off. And then we've got this Apricot one, which member is entwined with our one, our one that's on top of it. And then we've got one or two, in some of the other countries, which a bit smaller, we use some other tech stacks. And then in the U.S. now DGCs on what we call some of the states on the Betway Global. But then they use other product, which is what we are moving to, moving them over onto the Betway Global.

<<Bernie McTernan, Analyst, Needham & Company>>

Yeah, would that be the hope though? So you buy Apricot and then you can have your own tech stack on top of it and then you could roll that out globally?

<<Neal Menashe, Chief Executive Officer>>

Yeah, I'll take the tech stack of Apricot exactly with all the developers and then into it. Yes, exactly.

<<Bernie McTernan, Analyst, Needham & Company>>

Got it. Okay.

<<Neal Menashe, Chief Executive Officer>>

So because you can't tackle the whole world with one team. You've got to have different teams on, so like the Africa teams tech stack is a bit different. So it can go through Africa and do that. Then we've got different teams working on the tech stack, that's 100%.

<<Bernie McTernan, Analyst, Needham & Company>>

Got it. And then just lastly and again, if there's any questions in the audience let me know, but the Jumpman acquisition was just kind of in interested in that. I believe it's a profitable UK operator. Were you in the UK before? Just would love to get the rationale in terms of why buying that operator?

<<Richard Hasson, President and COO>>

Sure. So yeah, we were in the UK both with Betway and with Spin actually for the reasons that Neal mentioned since earlier, having both products. And Jumpman as you say, it is additive to

NGR and EBITDA, it also has built its own tech platform but it operates in a different segment to the market to where we were previously operating. It's a much more recreational segment of the market. And for us, the similar reason that we have Betway and Spin and Jumpman is now another component within the Spin part of the business.

<<Bernie McTernan, Analyst, Needham & Company>>

Understood. Well, let's leave it there. Thank you so much everyone joining on the webcast. Thank you to the Super Group team. We really appreciate the time this morning.

<<Neal Menashe, Chief Executive Officer>>

Thank you. Thank you, Bernie. Thanks for having us.

<<Richard Hasson, President and COO>>

Thank you.

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