



INVESTOR PRESENTATION

MAY 2022

Nasdaq: LTRY

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DISCLAIMER RIDER

Industry and Market Data

In this presentation, we rely on and refer to information and statistics regarding market participants in the sectors in which the Company competes and other industry data. We obtained this information and statistics from third-party sources, including reports by market research firms and company filings. Being in receipt of the presentation you agree you may be restricted from dealing in (or encouraging others to deal in) price sensitive securities.

Non-GAAP Financial Measures

This presentation includes EBITDA and Adjusted EBITDA, which are non-GAAP performance measures that we use to supplement our results presented in accordance with U.S. GAAP. We believe EBITDA and Adjusted EBITDA are useful in evaluating our operating performance, similar to measures reported by our publicly-listed U.S. competitors, and regularly used by security analysts, institutional investors and other interested parties in analyzing operating performance and prospects. EBITDA and Adjusted EBITDA are not intended to be substitutes for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

We define and calculate EBITDA as net income or loss before the impact of interest income or expense, income tax expense or benefit, depreciation and amortization, and Adjusted EBITDA as EBITDA, as further adjusted for stock-based compensation and certain other non-recurring, non-cash or non-core items.

We include these non-GAAP financial measures because they are used by management to evaluate our core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. The financial statement tables that accompany this presentation include a reconciliation of EBITDA and Adjusted EBITDA to their most comparable U.S. GAAP financial measures.

LOTTERY.COM OVERVIEW



Large and Growing Market Opportunity

\$106 BILLION

2021 U.S. LOTTERY MARKET
+17% FROM 2020⁽¹⁾



Market in Early Stages of
Online Transition

5%

PERCENTAGE OF U.S. LOTTERY
MARKET ONLINE IN 2021⁽¹⁾



Compelling User Economics

\$176

U.S. B2C AVERAGE LIFETIME
USER VALUE⁽²⁾



Strong Revenue Growth

\$84.2 MILLION

LTM Q1 2022 REVENUE
INCREASE OF \$72.9M YOY



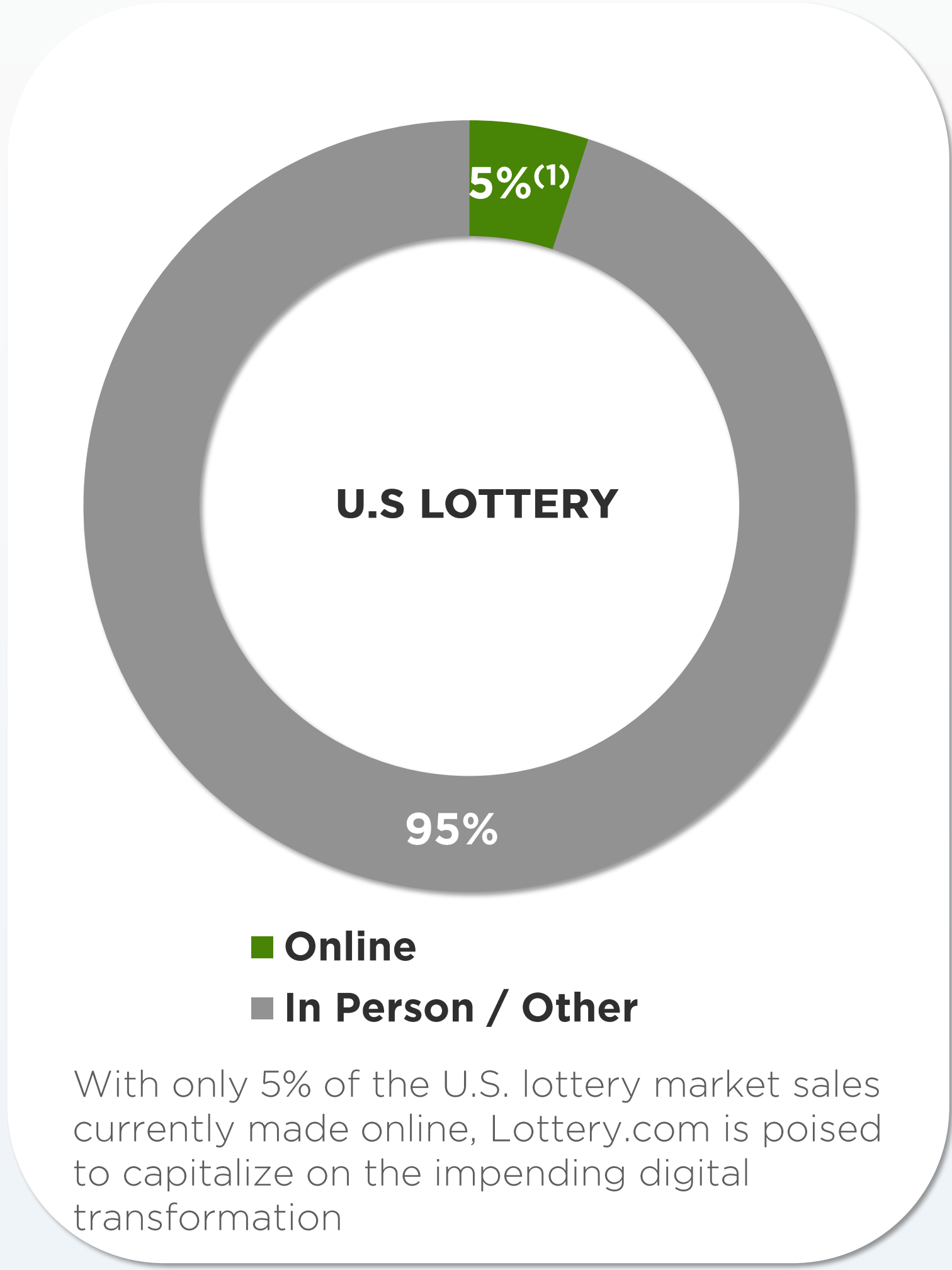
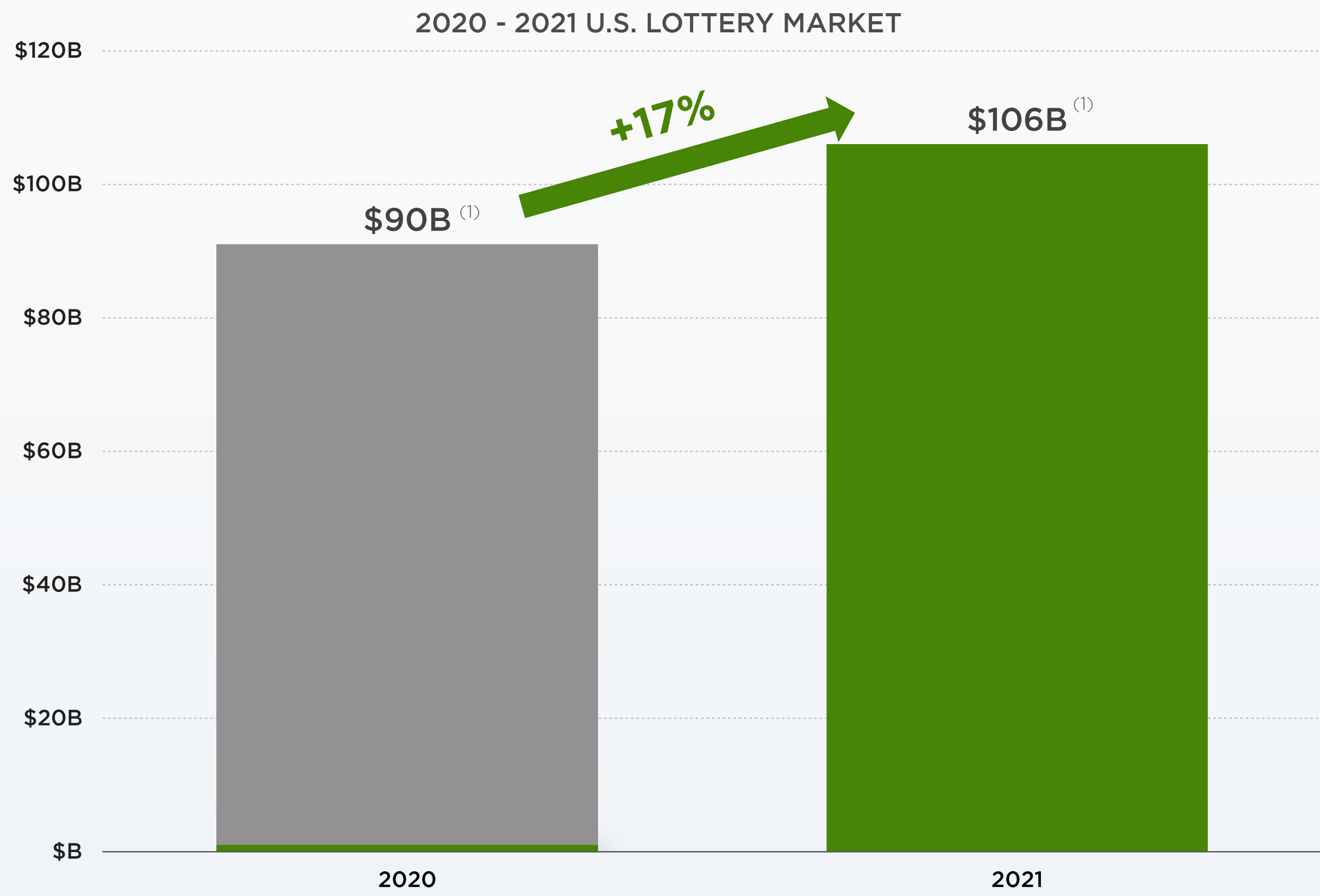
Focus on Profitability

**\$31.1 MILLION /
\$7.7 MILLION**

FY21 / Q1 2022
ADJUSTED EBITDA⁽³⁾

(1) Source: Eilers & Krejcik Gaming LLC
(2) Excludes user purchase through B2B affiliates or API partners; calculated as the avg. gross profit per user divided by the churn rate
(3) Non-GAAP measure – see appendix for reconciliation

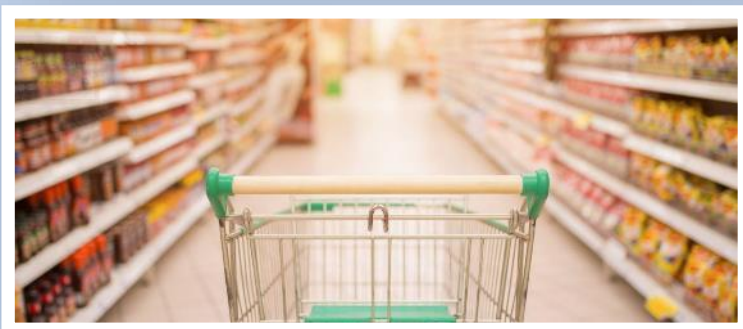
GROWING MARKET



Note: Market sizes reflect the gross lottery ticket transaction value
(1) Source: Eilers &Krejci Gaming LLC

CONSUMER SHIFT TO CONVENIENCE IS INEVITABLE

OLD MODEL



NEW MODEL

amazon

Uber

NETFLIX

instacart

Lottery.com

It has been proven time-and-time again that consumers choose convenience, no matter the industry.

LOTTERY.COM'S DELIVERY MODEL

HOW IT WORKS

Purchase

- User purchases game from Lottery.com app or website
- Lottery.com prints lottery game on user's behalf
- User receives digitized version of lottery game


Security

- Lottery.com securely safeguards all physical lottery games
- Minimal risk of losing, destroying or defacing winning lottery game
- Transactions are registered using blockchain technology

Collect Winnings

- Users automatically notified of winning lottery games
- Winnings are quickly deposited directly into digital wallets with no need to collect winning physical lottery ticket¹
- Proceeds can be used to purchase additional lottery games or withdrawn

LOTTERY.COM MODEL VS. OTHER iLOTTERY MODELS

	Other iLottery Models
✓	May enter new state without act of state legislature
✓	Does not require significant investment from state lottery commission
✓	Ability for users to play games when traveling out of home state ²
✓	Anticipated to allow users to play multiple games in addition to lottery

Lottery.com provides states with a high-potential, low-risk platform to increase sales and improve customer convenience

(1) To maximum of federal threshold of \$600; above that amount, Lottery.com deliver ticket to user; subject to state laws
(2) User must be in jurisdiction at time of play

DIVERSE SUITE OF PRODUCTS

B2C

DOMESTIC LOTTERY

- Selling official U.S. lottery games with a service fee

INTERNATIONAL LOTTERY

- Selling official lottery games to users in permitted jurisdictions with ability to mark up game price

CHARITABLE SWEEPSTAKES

- Players donate to qualified causes and get entered to win luxury prizes

B2B

LOTTERYLINK

- Affiliate program designed to increase user base with limited marketing spend

LOTTERYLINK CREDITS

- Credits purchased by LotteryLink affiliates, which are redeemed for services to help promote sales of Lottery.com products

API PARTNERS

- Robust API platform enables partners to sell official U.S. lottery tickets using our operations to fulfill the order

OTHER REVENUE GENERATORS

PROJECT NEXUS

- Blockchain enabled infrastructure serving as foundation to scale business
- Expected to allow revenue generating features like pooling and proprietary lottery games
- Ability to host third party games and generate licensing fees and / or royalties

DATA SALES

- Premier provider of global lottery data to digital publishers including Google, Amazon, and USA Today

UPDATE ON KEY GROWTH INITIATIVES



Grow B2C User Base

- *Expanding marketing campaigns in Q2 2022 on digital platforms*
- *Solid increases in app downloads in Q2 2022 vs. prior year period*



Expand B2B and LotteryLink

- *Added new affiliates since the beginning of 2022*
- *Continuing to develop pipeline of new master affiliates and their sub affiliates, including national consumer brands*



Advance Project Nexus

- *Phase 1 of implementation completed in Q2 2022*
- *Expected to improve scalability, security and ability to implement product improvements*



Enter New Markets

- *Remain on track to enter five new domestic jurisdictions by end of 2022*

DRIVING B2C GROWTH

U.S. B2C LOTTERY.COM USERS



\$35
Avg. Annual New
User Profit⁽¹⁾



20%
Churn
Rate⁽²⁾



\$176
Average Lifetime
User Value

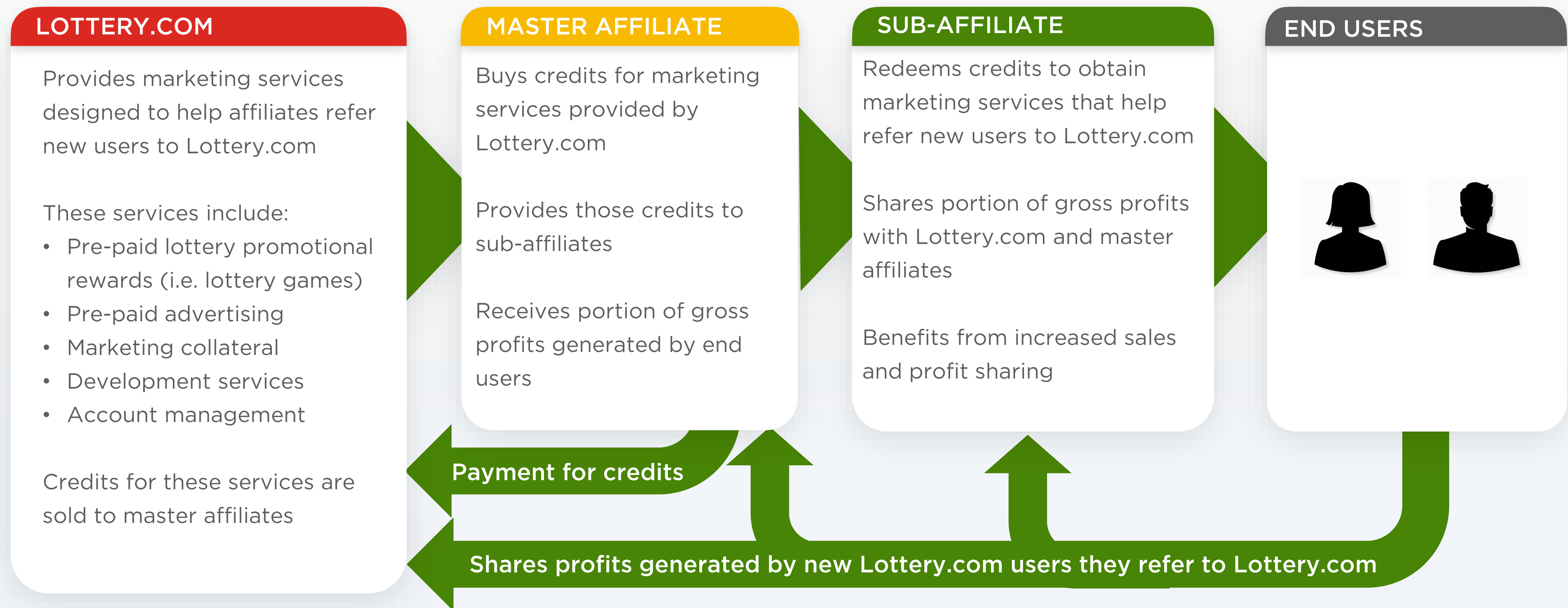
- Significantly expanding B2C marketing campaigns in Q2 2022
- Advertising on major digital media platforms
- Leveraging strong brand to maintain low customer acquisition costs

Note - All data excludes user purchases through B2B affiliates or API partners.

(1) Average gross profit per customer for 12 months ended 3/31/2022

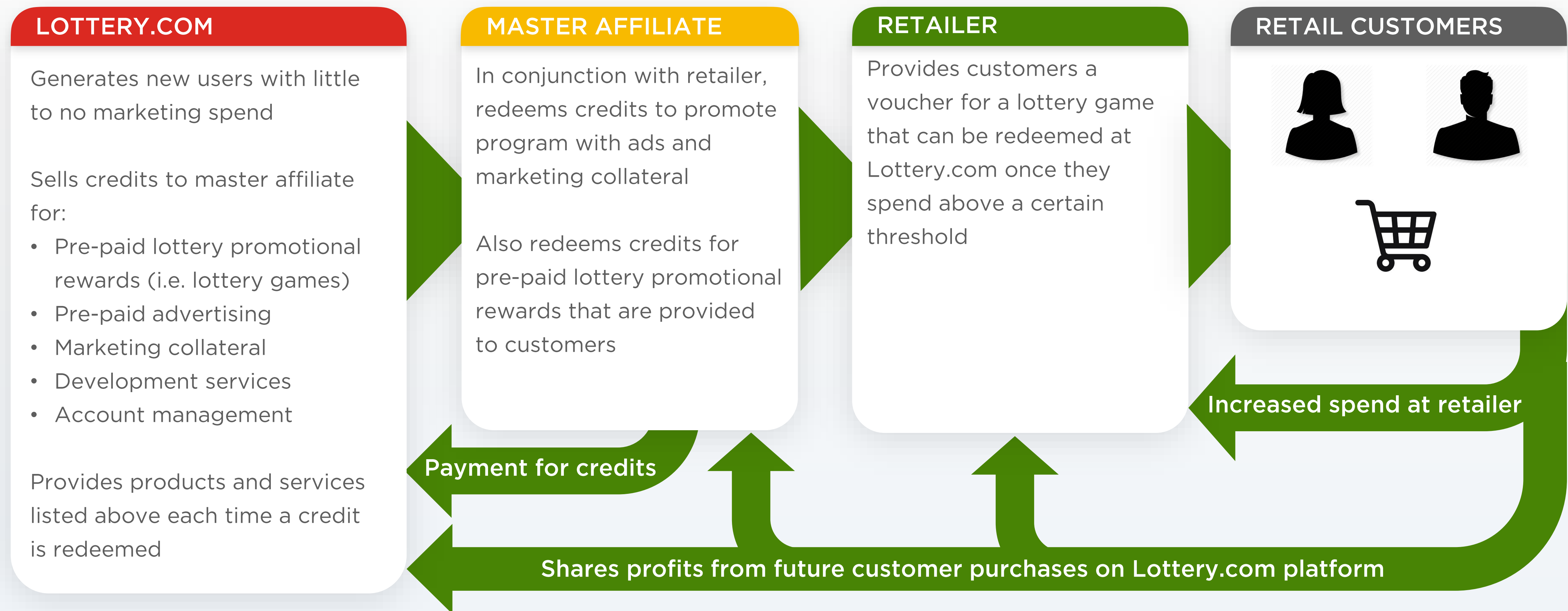
(2) Average churn rate for 12 months ended 3/31/2022

LOTTERYLINK AFFILIATE MARKETING PROGRAM



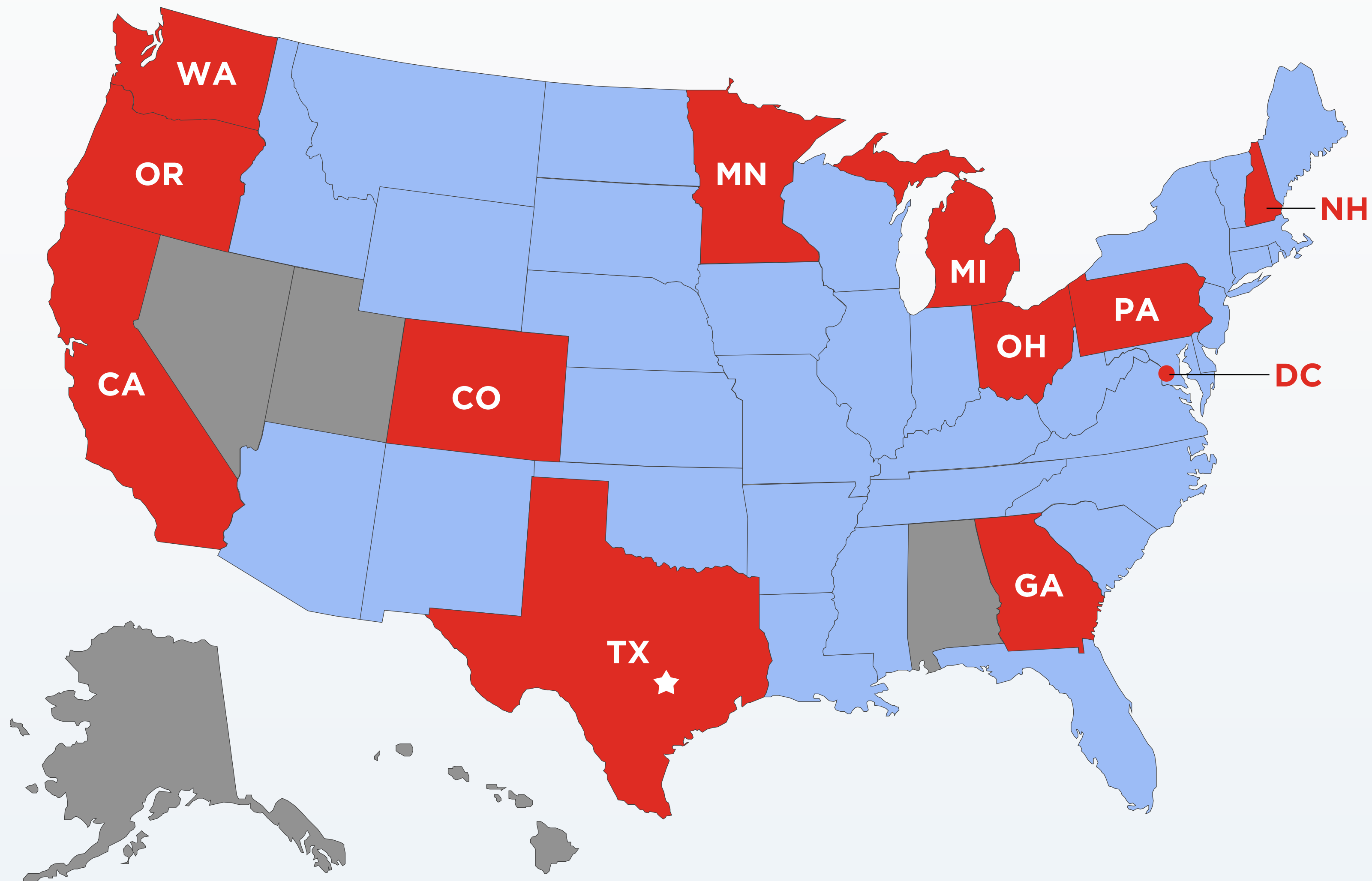
LotteryLink is designed to provide our affiliates with tools to drive new users to Lottery.com and increase the sales of Lottery.com products

LOTTERYLINK CASE STUDY: PROGRAM WITH RETAILER



This program demonstrates the capabilities of LotteryLink to generate new users and revenue streams for Lottery.com

LOTTERY.COM'S UNITED STATES FOOTPRINT



OUTLOOK

Five new U.S. jurisdictions by the end of 2022

CURRENT STATES

POTENTIAL FUTURE EXPANSION

☐ CURRENTLY DOES NOT
HAVE A STATE LOTTERY

PROJECT NEXUS

WHAT IS PROJECT NEXUS?

- Blockchain-enabled gaming platform
- Serves as back-end infrastructure to support Lottery.com growth
- Enables more robust data sharing with LotteryLink affiliates
- Technology expected to be leveraged for lottery and other online games, including by 3rd parties
- Expected to allow crypto and fiat as payment methods to attract a global player base, subject to compliance and regulatory requirements



Project Nexus

ANTICIPATED TIMELINE



Phase 1 Early Q2 '22

Improved security, scalability and ability to implement product updates



Phase 2 End of Q3 '22

Enable additional revenue generating features for existing products



Phase 3 End of Q4 '22

Support the introduction of proprietary game that accepts payment in fiat or crypto currencies, subject to regulatory and compliance requirements

Q1 2022 FINANCIAL HIGHLIGHTS

Q1 2022 revenues of \$21.2 million

Up \$15.7 million or 287% from Q1 2021 driven by sales of LotteryLink credits for prepaid promotional reward and other services

Q1 2022 gross profit of \$18.0 million

Up \$15.5 million from Q1 2021 driven by strong profitability of LotteryLink

Q1 2022 Adjusted EBITDA¹ of \$7.7 million

Driven by sales of LotteryLink credits mentioned above

1 – Non-GAAP measure. A reconciliation to the nearest GAAP measure is proved at the end of this presentation.

Q1 22 FINANCIAL SUMMARY

Q1 22 Summary

Q1 2022

Q1 2021

Change

(in millions)

Revenues	\$21.2	\$5.5	\$15.7
Gross Profit	\$18.0	\$2.5	\$15.5
Net Loss	\$(15.8)	\$(5.5)	\$(10.3)
Adjusted EBITDA ¹	\$7.7	\$(2.6)	\$10.3
Cash	\$50.8	\$18.3	\$32.5
Debt	\$3.5	\$41.5	\$(38.0)

Q1 Highlights

REVENUE

- Driven by sale of LotteryLink credits for promotional lottery rewards, marketing collateral and product development

GROSS PROFIT

- Driven by the sale of LotteryLink credits mentioned above, many of which expired without being used due to the delayed launch of the affiliate’s promotional program
- As a result, the Company did not incur costs with respect to those expired credits

NET LOSS

- Strong gross profit offset by non-cash stock compensation of \$22.2M, which was calculated at share price of \$14.75 (share price at time of business combination), significantly higher than current value of equity grants

Adjusted EBITDA

- Strong gross profit partially offset by increased public company expenses and expenses associated with execution of growth initiatives

CASH

- Driven by proceeds from business combination, partially offset by increased working capital

DEBT

- Driven by conversion of debt in conjunction with business combination

1 – Non-GAAP measure. A reconciliation to the nearest GAAP measure is proved at the end of this presentation.

NON-GAAP RECONCILIATION

ADJUSTED EBITDA

	Twelve Months Ended		
	December 31,		Change
	2021	2020	
(in millions)			
Net income (loss)	\$ (9.3)	\$ (5.8)	\$ (3.5)
Interest expense	18.1	1.2	16.9
Income tax expense (benefit)	(1.6)	0.0	(1.6)
Depreciation and amortization expenses	4.3	1.5	2.8
EBITDA	11.5	(3.1)	14.6
Operating expenses related to business combination	4.1	-	4.1
Non-cash stock compensation expense	15.5	-	15.5
Adjusted EBITDA	\$ 31.1	\$ (3.1)	\$ 34.2

	Three Months Ended		
	March 31,		Change
	2022	2021	
(in millions)			
Net income (loss)	\$ (15.8)	\$ (5.5)	\$ (10.4)
Interest (income) expense	(0.0)	2.5	(2.5)
Income tax expense (benefit)	-	-	-
Depreciation and amortization expenses	1.4	0.4	1.0
EBITDA	(14.5)	(2.6)	(11.8)
Non-cash stock compensation expense	22.2	0.0	22.2
Adjusted EBITDA	\$ 7.7	\$ (2.6)	\$ 10.3