

Full Year 2022 Results

26 August 2022

BetMakers Technology Group | ASX:BET

Disclaimer

This document is dated 26 August 2022.

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FULL YEAR 2022

Highlights

Group Financial Performance

- FY22 Revenue of \$91.7m (+371% vs FY21)
- Gross Margin of 72% (v 52% in PCP)
- Adjusted EBITDA of \$2.2m
- 30 June 2022 cash balance of \$87.6m

Operational Highlights

- Appointment of independent NEDs Rebekah Giles and Anna Massion, and Christian Stuart as CEO North America
- Landmark deal as exclusive technology provider to NTD consortium, potentially worth more than \$300m over 10 years ¹
- BetMakers selected as new tote provider in Norway ²
- Penn National Gaming deal for data and vision content ³
- Finalised development of Managed Trading Services product with updated agreements to retain 100% of MTS revenues at improved gross margin ⁴
- Launched fixed odds betting on thoroughbreds in the United States ⁵
- On-market share buy-back to drive shareholder value ⁶

1: See ASX announcement dated 21 April 2022

2: See ASX announcement dated 23 May 2022

3: See ASX announcement dated 30 June 2022

4: See ASX announcement dated 20 May 2022

5: See ASX announcement dated 9 May 2022

6: See ASX announcement dated 27 June 2022. Approximately 1.5m shares purchased at average price of 38.5c with capacity to buy 80m more under the current program

\$91.7m

FY22 Revenue

+371%

Growth vs. FY21 Revenue

+\$66.3m

FY22 Gross Profit
+550% vs FY21

72%

FY22 Gross Margin
vs 52% in FY21

+\$2.2m

Adjusted EBITDA
vs -\$3.0m in FY21

\$87.6m

Cash balance as at 30 June
2022

FULL YEAR 2022 PROFIT & LOSS

Significant revenue growth with improving margins

REVENUE – \$91.7m (+371% vs FY21)

- Growth of Platform and Managed Trading Services clients
- Integration of Sportech's racing and digital assets
- Expansion of content distribution rights and wagering operator integrations

GROSS PROFIT – \$66.3m (+550% vs FY21)

- Gross margin increased to 72% (from 52% in FY21)

ADJUSTED EBITDA¹ – \$2.2m

- Strong revenue growth across all divisions of the business
- Investment in staff across the group
- Focus remains on capitalising on current opportunities and driving revenue

DEPRECIATION & AMORTISATION – \$9.7m

- Depreciation of \$3.4m
- Amortisation of \$6.3m including \$5.0m software amortisation from acquisitions of GBS, Dynamic Odds and Sportech. All software development costs are expensed rather than capitalised

A\$'000s	Change		
	FY22	FY21	YoY
	\$'000	\$'000	
Revenue	91,682	19,458	371%
- YoY growth	371%	127%	+244ppts
Gross profit	66,298	10,203	550%
- margin	72%	52%	+20ppts
Adjusted operating expenses (ex. SBP, D&A)	(64,101)	(13,082)	390%
Adjusted EBITDA ¹	2,196	(2,879)	nm
- margin	2%	(15%)	+17ppts
Share-based payments expense	(71,029)	(12,358)	475%
Deal costs	(16,461)	(2,805)	487%
Impairment of receivables	(772)	(99)	680%
EBITDA	(86,066)	(18,141)	374%
- margin	(94%)	(93%)	-1ppts
Depreciation & amortisation expense	(9,682)	(2,698)	259%
Finance costs	(541)	(101)	436%
Tax benefit	7,054	3,481	103%
Loss after income tax	(89,234)	(17,459)	411%
Other comprehensive income, net of tax	3,226	-	nm
Total comprehensive loss for the year	(86,008)	(17,459)	393%

1: Excluding share-based payments, impairment of receivables and deal costs.

FULL YEAR 2022 PROFIT & LOSS

Breakdown of Share Based Payments and Deal Costs

SHARE BASED PAYMENTS PRIMARILY RELATE TO HISTORICAL TRANSACTIONS

- On 17 February 2021, the Group announced that it had entered into an exclusive agreement with Mr Matt Tripp to become a strategic advisor ¹
 - As part of the agreement, Mr Tripp was awarded performance rights that vest upon the Group entering 'Strategic' and/or 'Transformational' transactions as defined under the agreement. The conditions of a 'Strategic' transaction were met as part of the company entering into the NTD consortium technology deal, and therefore 35,000,000 performance rights vested. There is no further share-based payments expense in relation to the 'Strategic' deal to be recognised in future periods
- On 28 January 2020, the Group announced that it had signed conditional commercial agreements with the Waterhouse Group to build and operate new wagering products ²
 - As part of the commercial agreements, the Group agreed to issue performance rights (convertible into options) to Waterhouse VC. Based on the terms of the agreement, the company expects to issue 60,176,765 shares ³ in relation to FY2022 and has therefore recognised an expense of \$12,456,590 for the period. No further expense in relation to the Waterhouse VC commercial agreements is expected in future periods
- As approved at the 26 April 2021 General Meeting, Mr Todd Buckingham was awarded 25,000,000 performance rights that vest based on performance and term of service conditions ⁴. The share-based payment expense in relation to these performance rights is recognised over the expected life of the performance rights

Relevant party	Instrument Type	Number granted	Fair value of at grant date	Total expense	Total expense recognised in FY2022
Mr Matt Tripp ¹	Performance rights	35,000,000	\$1.2475	\$43,662,500	\$40,674,761
Waterhouse VC ²	Performance rights	94,741,686	\$0.2070	\$19,611,529	\$12,456,590
Mr Todd Buckingham ³	Performance rights	25,000,000	\$0.4300 to \$1.020	\$18,500,000	\$9,143,937
Staff & Other	Options, performance rights and service rights	<i>varied</i>	<i>varied</i>	<i>varied</i>	\$8,754,052
					<u><u>\$71,029,340</u></u>

DEAL COSTS – \$15.6m

- Deal costs includes the \$15.0m payment made in relation to executing the NTD consortium deal. All such costs are expensed within the period incurred and are not capitalised

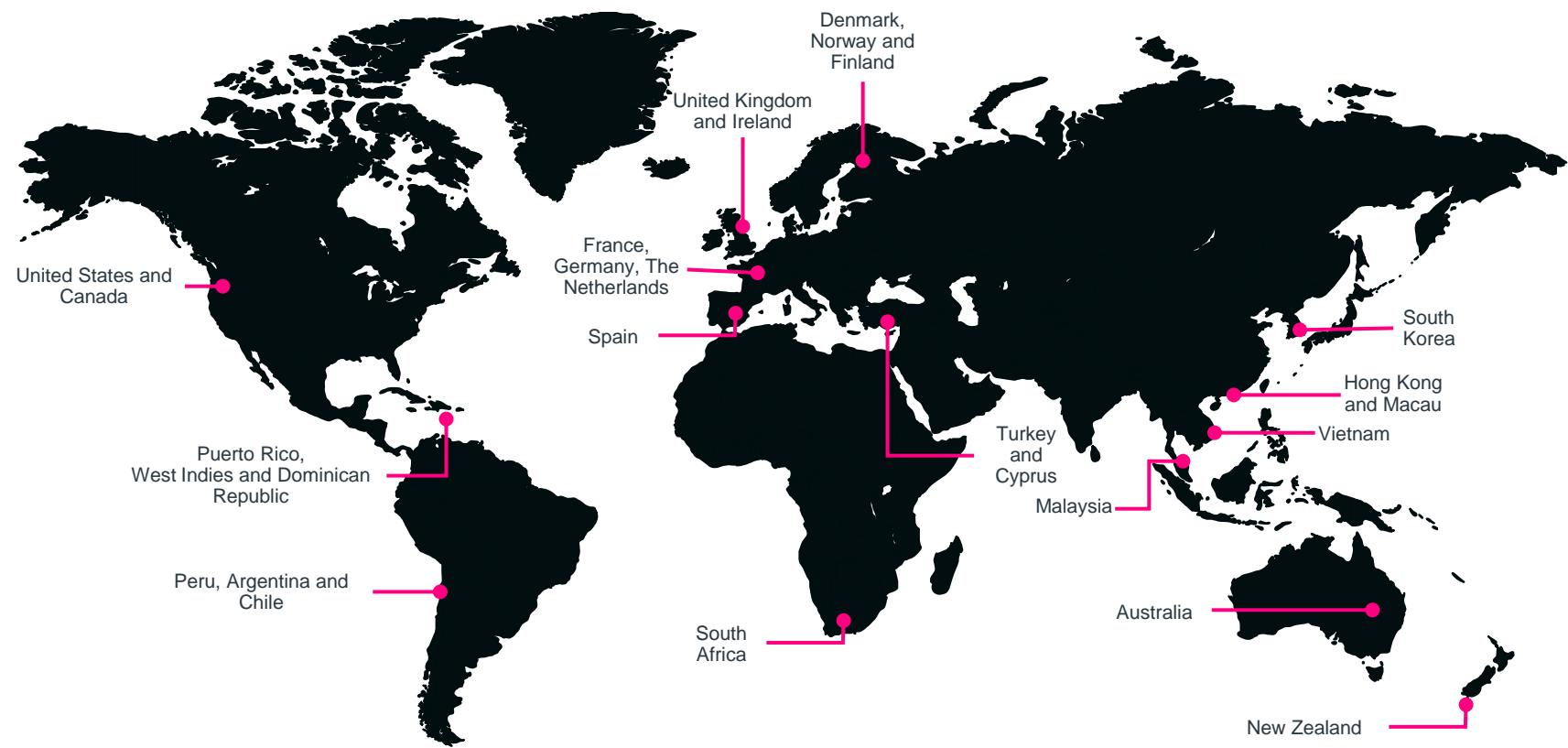
1: See ASX announcement dated 21 April 2022

2: See ASX announcements dated 28 January 2020, 2 April 2020, 27 May 2020, 16 July 2021, 31 Jan 2022, 20 May 2022 and refer to Notice of Meeting 17 April 2020

3: 45,862,414 options were issued on conversion of the Class B Performance Right on 31 January 2022 in respect of the period 1 July 2021 to 31 December 2021. The Company expects to issue the remaining 14,314,351 options on conversion of the Class C Performance Right in respect of the period 1 January 2022 to 30 June 2022 upon receiving an audit opinion confirming the amount. As the maximum number of options, being 94,741,686, will have been issued, the Class D Performance Right will lapse

4: Refer to Notice of Meeting 25 March 2021

Global Footprint



30+

COUNTRIES

60+

ONLINE
WAGERING
OPERATORS

225+

RACING
PARTNERS

45+

REGULATORY
LICENCES

479

EMPLOYEES
(AT 30 JUNE 2022)

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OFFICES

Our Divisions

BetMakers is a leading B2B technology provider for racing services worldwide

GLOBAL BETTING SERVICES

GLOBAL TOTE

GLOBAL RACING NETWORK

CUSTOMERS / PARTNERS

Wagering Operators	Media and Content Suppliers	Aggregators and Affiliates
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Racetracks	Retail Wagering Venues	Online Wagering Operators
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Racetracks	Rights Holders	Regulators
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PLATFORMS / PRODUCTS

Platform Development	Fixed Odds Pricing	Data Lifecycle
Form and Content	Managed Trading Services	Dynamic Odds

Quantum™ Tote Engine	Tote Hosting	Tote Pooling
Betting Terminals	Venue Services	Interface Management

Official Price	Race Day Controls	Rights Management
Racing Vision	Integrity Platform	Reporting and Analysis

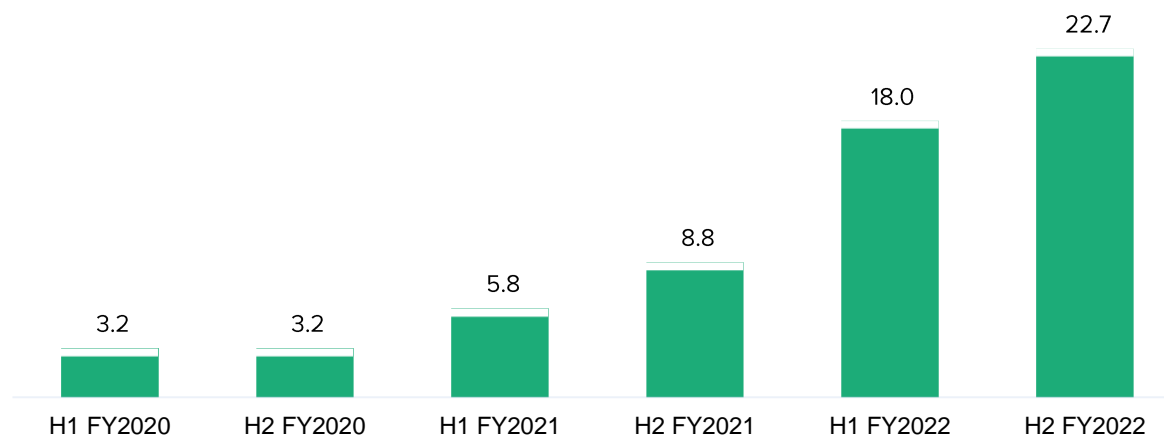
Global Betting Services

Performance & Outlook

H2 FY22 Performance

- Added 8 new platform clients in H2
- Total of 18 Active Australian platform clients at 30 June 2022 (up from 10 at 31 December 2021)
- 2 additional platforms launched since 30 June 2022, and another 7 contracted platform clients, yet to launch
- Annualised turnover¹ of global platform and MTS clients exceeds \$2bn
- Rebuilt core price management technology

Revenue (\$m)



Strategic Focus

- Delivery and launch of NTD Platform for Australian market
- Continue to support racing bodies through the delivery of automated technology solutions. Including; delivery of updated deduction process on behalf of Racing Victoria, Automated race day controls project roll out for GRNSW
- Next generation ADW / tote wagering platform roll out for North America
- Upgrades to core racing services products such as; Price Manager, BetMakers ratings engine, Race Streaming platform and bespoke content creation platform
- Grow MTS platform into new markets – i.e. MonmouthBets, CrossBet Canada

FY23 Execution and Outlook

- MonmouthBets – Launch the first online fixed odds horse racing wagering platform and managed trading services offering in the US
- Launch of CrossBet Canada (Ontario) platform
- NTD – Launch of the NTD consortium platform and managed trading services offering in the Australian market
- Continue to strategically partner with licensed bookmakers offering platform and managed trading services in Australia – 2 launched since 30 June 2022, 7 contracted platforms yet to go live
- Continued strong growth in the Global Betting Services division revenues expected

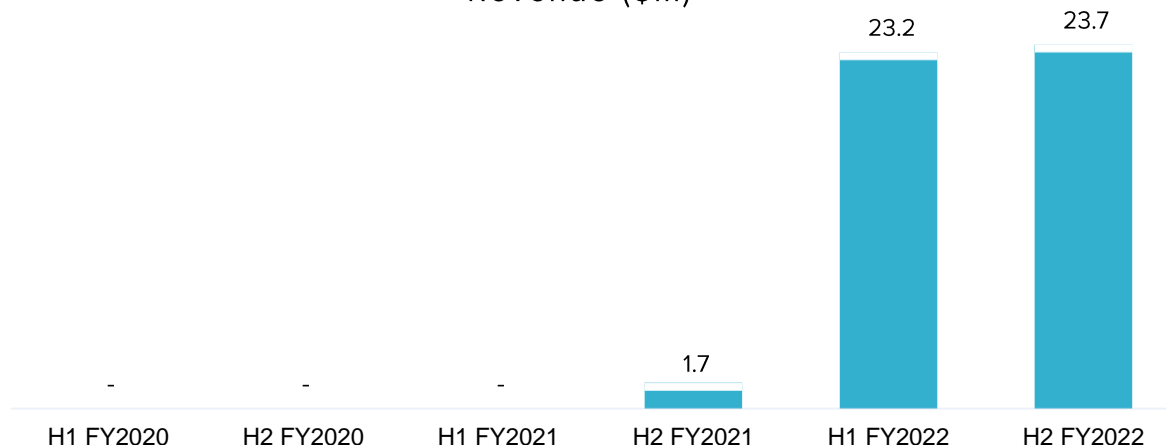
Global Tote

Performance & Outlook

H2 FY22 Performance

- Signed a 10-year exclusive agreement with Monmouth Park for exclusive tote and parimutuel services¹
- Secured a 10-year tote technology and services contract with Norsk Rikstoto, Norway
- Initial launch in Iowa on Caesar's contract in June 2022 after signing HOA to provide exclusive pari-mutuel solutions for Caesars Entertainment's retail sportsbooks
- Extended tote contracts and services agreements with Puerto Rico, Peru, Chile, and Suffolk Off-Track Betting locations
- Successfully delivered the technology and tote solutions for the world's richest handicapping tournament, the NTRA – NHC Tour

Revenue (\$m)



Strategic Focus

- Focus on enhancing global integrations for operators globally to improve liquidity across racing content from all jurisdictions
- Roll-out of BetLine terminals to improve customer experience, terminal functionality and data driven decision making
- Launch Global Tote Hub by connecting existing and new customers to enhance liquidity across network of clients
- Integration of Quantum tote engine into BetMakers' front end platform technology (for both tote only "ADW" offering and dual fixed odds / tote offering)

FY23 Execution and Outlook

- Commence the roll-out and delivery of Norsk Rikstoto pari-mutuel technology solution
- Expand Caesars pari-mutuel solution to the wider Caesars Entertainment network (including Nevada)
- Deliver on extended tote integrations and comingling opportunities
- Launch B2B hub for global comingling
- Consolidating gains in FY23, whilst setting the platform for FY24 and beyond

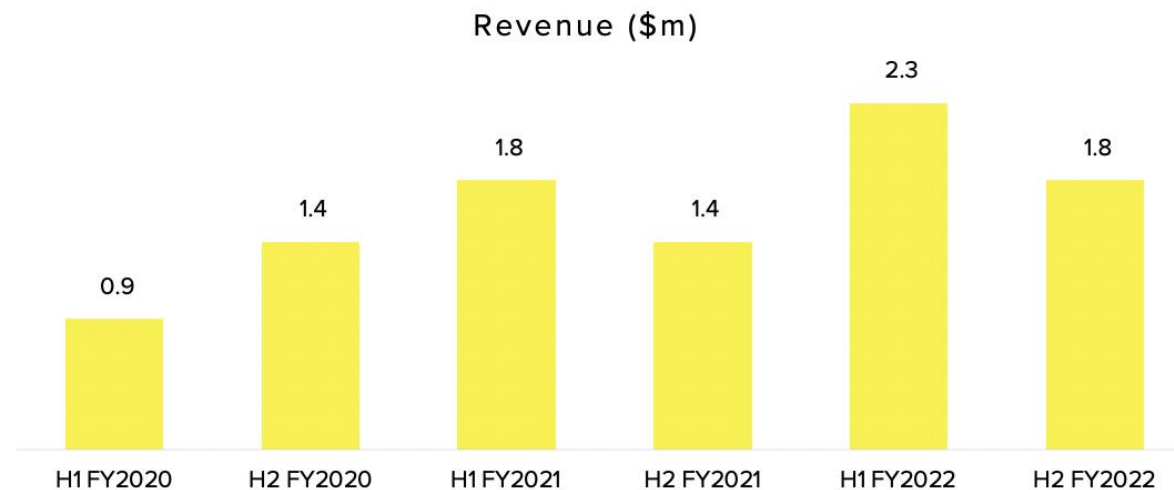
¹: See ASX announcement dated 24 January 2022.

Global Racing Network

Performance & Outlook

H2 FY22 Performance

- Signed an extended 15-year exclusivity agreement with Monmouth Park and the New Jersey Thoroughbred Horseman Association¹. Commenced the global distribution of Monmouth Park racing for fixed odds wagering
- Awarded the rights to offer Penn National Gaming's racing content outside of the US and Canadian markets, for fixed odds wagering
- Racing content from the North American market now exceeds 12,000 races each year to distribute into international jurisdictions
- Enhanced integrations with UK and European wagering operators



Strategic Focus

- Progress regulation of fixed odds horse race wagering in the US
- Expand domestic and international fixed odds thoroughbred content globally
- Contract additional rights holders to facilitate distribution of racing content globally
- Progress contracting and integration within US wagering operators for the delivery of horse racing for fixed odds content
- Roll out the GRN reporting tool within New Jersey to provide racetracks, rights holders and operators with oversight and transparency

FY23 Execution and Outlook

- Continued roll out of US racing content, including Penn National Gaming's racing content, to global wagering partners (commenced 1 July 2022)
- Work with partners to expand fixed odds betting on horse racing in the United States beyond New Jersey and into other states
- Global Racing Network revenues are expected to more than double in FY23 based upon executing on the above-mentioned opportunities

¹ See ASX announcement dated 24 January 2022.

FY23 Strategic Focus: Execution

GLOBAL BETTING SERVICES

- Launch NTD platform using BetMakers' proprietary Next Generation digital wagering platform in Australia
- On-board 9 new recently contracted platform operators in H1 FY23
- Expand BetMakers' proprietary Next Generation software into the US market

GLOBAL TOTE

- Launch Global Tote Hub to drive connecting existing and new tote customers
- Continued roll out of BetLine terminal hardware and technology in the US and into new markets
- Integrating our GRN content into Global Tote network to maximize returns

GLOBAL RACING NETWORK

- Expand New Jersey roll out of fixed odds
- Deployment of proprietary racing integrity and reporting platforms into new global racing jurisdictions
- Export more than 12,000 races into international markets for US racing partners including Penn Gaming, Monmouth Park, Kentucky Downs, Century Downs and others, into BetMakers' global network

THANK YOU!

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Appendix

Balance sheet and cash flow statement



30 JUNE 2022 BALANCE SHEET

Strong financial position with significant cash on hand and nil debt

CASH POSITION – \$87.6m

- Strong balance sheet with \$87.6m cash on hand as at 30 June 2022
- Nil debt

NON-CURRENT ASSETS

- Significant investment in PP&E relating to US and racing hardware increases PPE to \$24.8m
- Intangibles relate to prior acquisitions with the largest contributor being the assets acquired from Sportech PLC
- Deferred tax asset primarily relates to prior period losses

LIABILITIES

- Trade and Other Payables are unsecured liabilities for goods and services and are normally paid within 30 days of recognition
- Other liabilities includes \$8.25m of accrued acquisition payments in relation to the Form Cruncher and Swopstakes acquisitions. \$8.0m is non-current and subject to achieving performance hurdles

A\$'000s	Change		
	FY22	FY21	YoY
	\$'000	\$'000	
Current assets			
Cash and cash equivalents	87,550	120,608	(27%)
Trade and other receivables	15,441	9,024	71%
Other current assets	6,108	4,969	23%
Total current assets	109,099	134,601	(19%)
Non-current assets			
Property, plant and equipment	24,825	11,403	118%
Right-of-use assets	4,873	2,455	98%
Intangibles	65,762	67,973	(3%)
Deferred tax	18,454	12,295	50%
Other non-current assets	47	1,569	nm
Total non-current assets	113,961	95,695	19%
Total assets	223,060	230,296	(3%)
Current liabilities			
Trade and other payables	15,704	17,554	(11%)
Employee benefits	2,844	2,913	(2%)
Other current liabilities	2,723	1,629	67%
Total current liabilities	21,271	22,096	(4%)
Non-current liabilities			
Lease liabilities	4,630	2,130	117%
Other non-current liabilities	7,873	10,668	(26%)
Total non-current liabilities	12,503	12,798	(2%)
Total liabilities	33,774	34,894	(3%)
Equity			
Issued capital	252,486	226,023	12%
Reserves	69,521	12,910	439%
Accumulated losses	(132,721)	(43,531)	205%
Total equity	189,286	195,402	(3%)

FULL YEAR 2022 CASH FLOW

Significant growth in cash receipts alongside continued investment in operations

OPERATING CASH FLOW

- Cash receipts of \$94.0m
- Continued investment in staff and operations to capitalise on current and emerging opportunities
- All staff costs expensed and not capitalised
- Payments for deal advisory services of \$16.5m one-off in nature relating to the NTD consortium deal

CAPITAL EXPENDITURE

- Approximately \$15.1m relates to the development of hardware to support key contracts in the Americas. This investment supports the purchase of more than 3,300 terminals and related assets
- FY23 US related capex is expected to be approximately \$6.0m, and future annual sustainable capex spend of approximately \$3.0m

INVESTING ACTIVITIES

- Deal advisory services of \$16.5m includes \$15.0m advisory payment in relation to the execution of the NTD wagering deal, and other third-party advisor costs incurred in relation to investing activities

	A\$'000s		Change
	FY22 \$'000	FY21 \$'000	YoY
Receipts from customers - net	93,953	21,970	328%
Payments to suppliers and employees	(95,961)	(24,461)	292%
Payments for deal advisory services	(16,461)	-	nm
Research and development tax received	-	584	(100%)
Interest received	-	2	(100%)
Other revenue	895	-	nm
Interest and other finance costs paid	(541)	(17)	3082%
Income taxes paid	(109)	(101)	8%
Net cash from / (used in) operating activities	(18,224)	(2,023)	801%
Payments for purchase of business, net of cash acquired	(6,016)	(44,103)	(86%)
Payments for property, plant and equipment	(15,582)	(1,938)	704%
Payments for intangibles	(578)	(698)	(17%)
Movement in customer operational funds held	(599)	-	nm
Net cash from / (used in) investing activities	(22,775)	(46,739)	(51%)
Proceeds from issue of shares	8,831	136,618	(94%)
Proceeds from shares to be issued	-	6,191	(100%)
Share issue transaction costs	-	(4,582)	(100%)
Repayment of lease liabilities	(890)	(482)	85%
Net cash from / (used in) financing activities	7,941	137,745	(94%)
Net increase/(decrease) in cash and cash equivalents	(33,058)	88,983	(137%)
Cash and cash equivalents at the end of the financial year	120,608	31,625	281%
Cash and cash equivalents at end of period	87,550	120,608	(27%)