



**ASX Announcement (ASX:BBT)**

25 January 2023

## **December Quarter (Q2 FY23) Quarterly Activities Report, Appendix 4C & Business Update**

*Gaining share in Australia and making progress in the US*

BlueBet Holdings Limited (ASX:BBT) (**BlueBet** or the **Company**) provides its Quarterly Cash Flow Report (**Appendix 4C**) and Quarterly Activities Report for the quarter ended 31 December 2022 (**Q2 FY23** or **Q2**).

### **HIGHLIGHTS**

- Turnover up 6.6% to \$147.7 million driven by strong growth in Sports and mobile channel
- Continuing to gain market share in Australia despite increased competition, with Active Customers up 32.3% to 59,632
- Football (Soccer) World Cup and effective US sport promotions drive 57.9% increase in Sport Turnover and impact Net Win, which remains robust at 9.3%
- Significant investment in marketing and continued investment in product has positioned the business for continued market share growth in H2
- Cost per FTD (CFTD) of \$447 or 2.0x Annual Customer Value (ACV), continues to provide attractive returns on marketing investment to acquire quality customers
- Soft launched in Iowa, with ClutchBet ranked #10 of 19 Operators by revenue in Q2
- On track for mid-March go-live in Colorado, with temporary license granted and working towards platform approval
- Completed strategic investment in Low6, with the first free to play game set to be released in the US for the Super Bowl
- Continued investment in product enhancement, particularly the BlueBet Global Platform (BGP) which will enable the business to scale efficiently and provide the full Sportsbook-as-a-Solution B2B offer.

BlueBet CEO Bill Richmond said: “BlueBet had another great quarter in Q2 despite increased market competition, with continued market share gains in Australia driven by strong growth in our sportsbook.

“After making additional seasonal and tactical marketing investments in H1, quarterly cash outflows are expected to normalise in the second half, with our Australian business expected to return to generating positive operating cash flow as we continue to gain market share with our differentiated brand and product.

“In the US, ClutchBet is now live in Iowa having taken first bets in late August, and the early response from our customers has been very positive. We are now focused on enhancing our product to fit the US market, as we progress towards an expected go-live in Colorado in mid-March.

“We have commenced discussions with potential B2B partners for our white-labelled Sportsbook-as-a-Solution B2B offer in the US and expect to make further progress in the second half.”

Group Performance (A\$m)						
Key Metrics	Q2 FY23	Q2 FY22	vs. PCP	YTD FY23	YTD FY22	vs. PCP
Turnover <sup>2</sup>	147.7	138.6	+6.6%	280.9	264.5	+6.2%
Gross Win <sup>3</sup>	18.3	18.4	-0.5%	36.1	36.5	-1.1%
Gross Win Margin	12.4%	13.3%	-0.9pp	12.9%	13.8%	-0.9pp
Net Win <sup>4</sup>	13.7	13.8	-0.7%	27.1	28.6	-5.2%
Net Win Margin	9.3%	10.0%	-0.7pp	9.6%	10.8%	-1.2pp

## GROUP PERFORMANCE

BlueBet continued to achieve quarter-on-quarter growth in key metrics in Q2, despite increasing its investment in marketing, promotions and pricing in Q2 in response to increased competition in the Australian market.

Marketing spend and promotional activity is expected to normalise in H2, with product enhancements expected to drive customer retention. The Company has re-invested the returns from its increased marketing spend in FY22 towards product development, including the enhanced BlueBet Global Platform which is due to launch in mid-2023.

This product investment will provide a strong platform for BlueBet to scale efficiently in Australia and the US, enabling the Company to centrally manage event administration, resulting, pricing and risk management with flexible reporting and analysis capabilities to monitor individual market performance.

BlueBet Australia Performance (A\$m)						
Key Metrics	Q2 FY23	Q2 FY22	vs. PCP	YTD FY23	YTD FY22	vs. PCP
Turnover <sup>2</sup>	146.3	138.6	+5.6%	279.3	264.5	+5.6%
Gross Win <sup>3</sup>	18.2	18.4	-1.1%	36.0	36.5	-1.4%
Gross Win Margin	12.4%	13.3%	-0.7pp	12.9%	13.8%	-0.9pp
Net Win <sup>4</sup>	13.7	13.8	-0.7%	27.2	28.6	-4.9%
Net Win Margin	9.4%	10.0%	-0.6pp	9.7%	10.8%	-1.1pp
No. Active Customers <sup>5</sup>	59,632	45,087	+32.3%			
Key Metrics by Qtr.	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	vs. PCP	YTD FY23
Turnover <sup>2</sup>	133.0	146.3			+5.6%	279.3
Gross Win <sup>3</sup>	17.8	18.2			-1.4%	36.0
Gross Win Margin	13.4%	12.4%			-0.9pp	12.9%
Net Win <sup>4</sup>	13.5	13.7			-4.9%	27.2
Net Win Margin	10.2%	9.4%			-1.1pp	9.7%

<sup>1</sup> Unaudited and in Australian dollars unless otherwise stated

<sup>2</sup> Turnover is the dollar amount wagered by customers before any winnings are paid out or losses incurred

<sup>3</sup> Gross Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets, excluding the cost of pricing promotions

<sup>4</sup> Net Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets, less customer promotional costs (the costs incurred to acquire and retain customers through bonus bets, money back offers, early pay-outs and enhanced pricing initiatives)

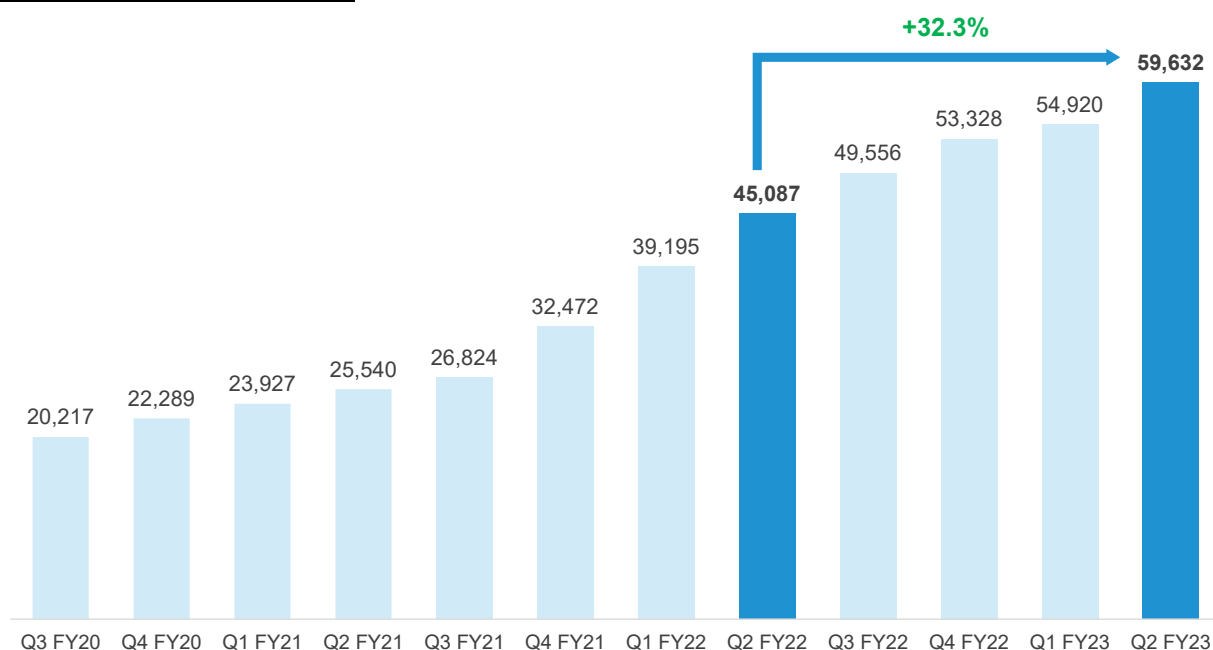
<sup>5</sup> Customers that have placed a cash bet in the 12 months preceding the relevant period end date

## AUSTRALIAN BUSINESS

Positive momentum continued in Q2, with quarter-on-quarter growth reported across all key metrics as BlueBet continues to gain market share in Australia. Increased competition and a new entrant in the Australian market drove BlueBet to increase marketing and promotional spend in Q2, driving continued growth in Active Customers, Bet Count and Turnover.

Turnover increased by 5.6% to \$133.0 million, with seasonal promotional activity, a temporary mix shift towards Sport due to the Football (Soccer) World Cup, and short-term negative variance on racing margins impacting Net Win, which remained robust at 9.4%.

### **ACTIVE CUSTOMER<sup>1</sup> GROWTH**



At 31 December 2022, BlueBet Australia had 59,632 Active Customers, an increase of 32.3% on the PCP, demonstrating BlueBet’s ability to attract and retain quality clients, with October a new record month for Active Customers.

### **US BUSINESS**

Following the successful soft launch of ClutchBet in Iowa at the end of August, the initial focus has been on refining the product while pursuing a hyper-localised marketing approach. As part of this approach, ClutchBet has finalised a partnership with the Dubuque Fighting Saints of the United States Hockey League and built ClutchBet branded sports lounges in three venues across Dubuque, North Liberty, and Iowa City. Marketing investment is expected to accelerate in subsequent quarters.

Despite limited marketing spend to date, ClutchBet Iowa has continued to grow each month and was ranked #10 of 19 active online sports wagering operators by revenue in Q2. In late December, the customer acquisition team launched its first campaigns on Facebook, Snapchat and YouTube which are expected to deliver positive results in Q3 and particularly during the NFL playoffs. Further product enhancements will be delivered in Q3, including live betting and additional deposit methods.

During Q2, the Colorado Gaming Control Commission approved ClutchBet’s temporary Internet Sports Betting Operator license, with the next step being to gain platform approval by GLI ahead of an expected anticipated market launch in mid-March.

Leveraging the recent investment in Low6, the Company will soon release its first Free to Play Super Bowl Bingo game in Iowa as well as March Madness game for the Colorado launch.

<sup>1</sup>Customers who have placed a cash bet in the 12 months preceding the relevant period end date

Having launched in Iowa and with Colorado scheduled for Q3, BlueBet is commencing discussions with partners for the second stage of its US entry, launching its white-labelled Sportsbook-as-a-Solution B2B offer.

## **CASH FLOW**

- On 31 December 2022, the Company's cash balance was \$32.2 million, including customer deposits of \$3.7 million
- Net Win from customers for the quarter ended 31 December 2022 totalled \$13.7 million
- Net cash used from operating activities in the quarter ended 31 December 2022 was \$6.6 million, driven by seasonality and a tactical decision to front-end marketing spend in response to a new competitor entering the Australian market. Net Cash from operating activities was also impacted by \$1.7 million of prepaid expenses including the NT licence and brand sponsorships and a \$2.1 million outflow in the US.
- Cash outflows during the quarter included cost of sales of \$6.0 million, staff costs of \$2.6 million, marketing costs of \$7.6 million, and administration, corporate costs, including GST on Australian Net Win of \$3.6 million
- Net cash used in investing activities in the quarter ending 31 December 2022 was \$3.4 million which included a \$0.8 million investment in Low6, as well as capitalisation of technology costs relating to website and mobile app development and investment in the BlueBet Global Platform which is expected to be delivered by end FY23
- Payments to related parties totalled \$0.3 million and relate to payments to Executive & Non-Executive Directors for Salaries & Wages (inclusive of superannuation and applicable taxes withheld) and Director Fees on normal commercial terms

## **ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES**

The Company is well funded to achieve its strategic objectives and planned activities. The table below shows the use of funds from the date of admission to the ASX on 2 July 2021 to 31 December 2022.

<b>Use of Funds 2 Jul 2021 to 31 Dec 2022</b>	<b>Amount allocated (\$m)</b>	<b>Amount utilised (\$m)</b>	<b>Commentary</b>
Marketing Spend in Australia	10.0	10.0	Fully utilised with additional marketing to be allocated through growth in the Australian business
Establish US business and acquire initial licences	30.0	10.2	In line with expectations.
Technology and platform development	4.7	8.9	As previously indicated in FY22 Results presentation, the business is reinvesting in Product Innovation and BlueBet Global Platform
Costs of the Offer	5.3	5.4	All costs of the offer have been paid and the total was \$0.1m above Prospectus value because of additional costs incurred following submission of the Prospectus
Proceeds to Existing Securityholders	30.0	30.0	In line with expectations
<b>TOTAL</b>	<b>80.0</b>	<b>64.5</b>	

## **AUTHORISATION**

This announcement has been authorised for lodgement to the ASX by the BlueBet Board of Directors

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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.

## **FUTURE PERFORMANCE AND FORWARD-LOOKING STATEMENTS**

This ASX release contains forward-looking statements, forecasts, estimates, projections, beliefs and opinions (**Forward-Looking Statements**). Forward-Looking Statements can be identified by the use of terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'projects', 'predicts', 'intends', 'plans', 'propose', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-Looking Statements reflect expectations as at the date of this release. However, they are not guarantees or predictions of future performance or events or statements of fact. They involve known and unknown risks, uncertainties and other factors, many of which are beyond BlueBet's control, and which may cause actual results to differ materially from anticipated results, performance or achievements expressed or implied by the Forward-Looking Statements contained in this presentation.

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