

29 April 2024

BetMakers delivers positive Q3 operating cashflow and strong pipeline of new global customers

Q3 FY24 QUARTERLY ACTIVITIES REPORT

BetMakers Technology Group Ltd (ASX:BET) (“BetMakers” or the “Company”) is pleased to provide this activity report for the quarter ended 31 March 2024 (Q3 FY24), along with the Company’s Appendix 4C cash flow report. All amounts disclosed herein are unaudited and are denoted in AUD unless otherwise stated.

Q3 FY24 highlights:

- **Restructure program delivering results, with Q3 FY24 achieving positive operating cash flow of \$1.0 million**
 - Cash receipts of \$27.5 million, up 16.8% on pcp (including payments received from Betr during the quarter¹)
 - Operating costs reduced a further 8.3% vs Q2 FY24, with plans to achieve further cost reductions in Q4 FY24
- **Australian wagering market customers experienced soft trading conditions in Q3, impacting revenue; Q3 FY24 revenue of \$22.3 million was down 4.1% on pcp**
 - 9 months to 31 March 2024 revenue of \$73.7 million, up 5.3% on PCP
 - Revenue has been impacted predominantly by soft Australian trading results, and slightly delayed delivery of key international deals (see bullet below). As a result, the business expects revenue growth for the financial year to be closer to mid-single digits
 - Domestic Australian revenues now account for less than approximately 25% of the total revenue; BetMakers continues to focus on growing its global revenues and international customer base
- **Strong momentum with new partnerships signed and new customers going live to drive future revenues**
 - A 5-year partnership with PA Betting Services to deliver a new international racing solution
 - Agreement with Sweden-based Kambi Group Plc to enhance racing offering to its customers
 - Delivery of Gaming and Innovation Group’s (GiG) racing solution
 - Caymanas Park digital solution soft launch in April
 - TonyBet embedded racebook expected to go-live in Q4
 - Caesars agreement roll-out progressing, with embedded tote solution now live in four Nevada venues, and 20+ more expected to roll out in the coming weeks; Iowa is also live
 - Norway tote system in final testing stages; 10-year agreement signed² with go-live date expected in coming months
 - These agreements have the potential to represent approximately \$5.0 million in annualised revenue, subject to successful implementation over the balance of FY24 and through FY25

¹ Funds paid by Betr during the March quarter relate to the period since 1 June 2023. See the Company’s announcement dated 11 April 2024 for further details.

² See ASX Announcement dated 23 May 2022

- **Closing cash balance of \$30.0 million; unrestricted cash balance of \$18.9 million**
- **Post-balance date updates**
 - Strategic acquisition of RACELAB Global Assets, a leading international supplier of enhanced racing wagering products and technology
 - Amendment of Betr Agreement in light of Betr's potential transaction with BlueBet

Commenting on the quarter, Executive Chair, Matt Davey, said, “We are continuing to execute on our strategy of enhanced operating discipline with the tightening of our operating expenses, and focus on higher margin, capital light revenue growth and profitability.

“There is substantial progress being made across the entire business, with new partnerships and new customers, as well as previously announced deals now going live, which are expected to contribute to the fourth quarter and beyond.

“I am proud of the BetMakers team and the way it is delivering on our strategy and transformation. Whilst we are seeing some headwinds in the Australian wagering market, our growing global base is expected to position us to manage these, and continue to grow the BetMakers business. The pipeline of new growth opportunities is the healthiest we have seen, so we look forward with confidence.”

OPERATIONAL UPDATE

Partner and customer agreements

Caesars Entertainment & Norway

The Caesars roll-out is progressing, with BetMakers' embedded tote solution now live in four Nevada venues, and another 20+ further venues to roll out in Q4 FY24. The venue in the state of Iowa is also live, and discussions are taking place around roll-outs in other states.

The Norway tote system is now in the final testing stages, with a go-live date expected in the coming months. The 10-year agreement with Norsk Rikstoto will see BetMakers' Global Tote Quantum engine be utilised in Norsk Rikstoto's pari-mutuel betting system.

Caymanas Park & TonyBet

The previously announced partnership with Supreme Ventures Racing and Entertainment Ltd to launch fixed odds betting at Caymanas Park in Jamaica, has now gone live with a 'soft launch' of online fixed odds betting with caymanasbet.com (went live on 13th of April 2024).

The TonyBet partnership to integrate BetMakers' Embedded Racebook Solution into the TonyBet sportsbook and iGaming platform, which offers TonyBet customers an enriched betting experience on horse racing, is expected to go live in Q4 FY24.

PA Betting Services

BetMakers announced a 5-year partnership with PA Betting Services to launch “The AdVantage Platform”, a broadcast streaming and wagering platform for intended distribution into world racing markets.

Kambi Group Plc & Gaming Innovation Group

An agreement was entered into between BetMakers and Kambi Group Plc which will see BetMakers deliver its Price Manager fixed odds solution to Kambi Sportsbook. BetMakers also entered into a further deal with Gaming Innovation Group (GiG) to deliver racebook services on GiG's Sportsbook Platform SportX via integration with BetMakers Embedded Racebook Solution.

RACELAB Global acquisition

Post-balance date, BetMakers announced that it had entered into a binding agreement to acquire assets of RACELAB Pty Ltd ("RACELAB Global"), a leading international supplier of enhanced racing wagering products and technologies.

This was a highly strategic acquisition for BetMakers, adding leading race form, preview, and statistics technology to the BetMakers ecosystem, as well as proprietary fixed odds pricing technology and associated algorithms.

The acquisition also offers potential for BetMakers to further expand its services in the harness and greyhound form and preview racing sectors and bring new customers to BetMakers.

Total consideration of \$1.5 million in cash was paid for the acquisition, with a clawback of up to \$0.5 million dependent on key customer novation within 30 days.

Amendment of Betr Agreement

Post-balance date, BetMakers advised that it had finalised the terms of an amendment to the Platform and Services Agreement dated April 2022 with its customer, NTD Pty Limited (trading as "betr"), in connection with the announcement of betr's proposed acquisition by BlueBet Holdings Limited, which would result in the cessation of NTD Pty Limited's business.

Key highlights of the amended agreement:

- Betr agrees to pay BetMakers agreed amounts for fees payable under the Agreement referable to the period between 1 June 2023 and 30 September 2024, as outlined below:
 - \$3.75 million which was paid to BET in March 2024;
 - In respect of ongoing services to be provided by BET until the earlier of Customer Migration and 31 August 2024:
 - \$2.25 million to be paid by 14 June 2024; and
 - an amount between \$1.5 million and \$2.0 million to be paid by 13 September 2024 (with the increased amount above \$1.5 million payable if Customer Migration has not occurred by 31 August 2024); and
 - Additional amounts depending on the performance of the betr platform prior to Customer Migration, and a revenue share trail, as set out below.
 - Betr will continue to use BetMakers' service under a reduced service arrangement until Customer Migration, relieving BetMakers from the provision of certain premium services to betr. The changes amount to significant cost savings and efficiencies for BetMakers, and expedite the timeline for roll-out and launch of the NextGen platform into Global markets.

- BET's agreement with betr is proposed to terminate following the completion of the Customer Migration (which is anticipated to occur on or around 31 August 2024). Should Customer Migration not complete before 1 October 2024, betr will pay BetMakers a reduced fee of \$500,000 per month from 1 October 2024 for the remaining term until such time as Customer Migration (if any) occurs on the basis of the reduced service arrangement.

FINANCIAL UPDATE

Profit & Loss

Revenue for Q3 FY24 was \$22.3 million, down 4.1% on pcp (Q3 FY23: \$23.3 million), driven by soft conditions in the Australian wagering market. BetMakers has quarterly revenue share agreements with approximately 30 platforms, and Q3 was a challenging period for Australian operators as a result of the competitive landscape coupled with regulatory and taxation headwinds.

Year-to-date revenue for the 9 months to 31 March 2024 is \$73.7 million, which is up 5.3% on pcp.

Expenses are down as part of the cost reduction program, with an underlying EBITDA loss for Q3 FY24 of \$2.5 million, a substantial improvement on the \$4.1 million loss in Q3 FY23. As previously flagged, investment in the NexGen Platform development is now being capitalised, which represented approximately \$1.6 million in staff cost in Q3 FY24.

BetMakers continues to focus on reducing the cost base and is targeting a 10% operating cost base reduction in H2 FY24 compared to H1 FY24.

Cash flow

Q3 FY24 cash receipts were \$27.5 million, up 16.8% on the pcp. This result includes the outstanding receivable payment from Betr of \$4.1 million relating to the period since 1 June 2023.

Operating expenses for Q3 FY24 were \$26.5 million, down 8.3% on Q2 FY24. This resulted in positive net operating cash flows of \$1.0 million (Q3 FY23: outflow of \$5.0 million).

We are committed to further reducing operating cash flow (losses) through Q4 FY24, which we believe will position BetMakers to strive for positive cash flow as we exit FY24.

Total cash on hand was \$30.0 million as of 31 March 2024, with unrestricted cash of \$18.9 million.

The quarter also included approximately \$0.1 million in payments related to strategic restructuring and leave costs incurred, \$0.5m relating to the Punting Form transaction and approximately \$0.25 million in relation to prior period employment taxes.

The Company paid Directors \$143,000 for services during Q3 FY24. This included payment to the President/Executive Chairman for employment services.

Reconciliation of Profit & Loss to Operating Cash Flows

The below table shows the underlying Profit & Loss performance for Q3 FY24, and the reconciliation to the operating cash flow:

AUD'000 (unaudited)	Q3 FY24	Q3 FY23	\$	%
Revenue	22,338	23,288	(950)	-4.1%
COGS	(9,172)	(7,569)	(1,603)	21.2%
Gross Profit	13,166 58.9%	15,719 67.5%	2,553	16.2%
Staff Costs	(10,713)	(14,396)	3,682	25.6%
Other Operating Expenses	(4,945)	(5,461)	516	9.4%
Adjusted EBITDA ¹	(2,492)	(4,137)	1,644	39.8%
<i>Reconciliation to net operating cash flow:</i>				
Capitalised staff costs	(1,593)	-		
Timing variance in discretionary staff payments	-	735		
New Jersey annual minimum guarantee	576	-		
Prior period employment taxes	250			
One off annual vendor payments	821			
Severance payments	143			
Debt recovery	1,774			
Other balance sheet movements	1,553	(1,622)		
Net Cash from operating activities	1,032	(5,023)		

¹: Excludes Share based payment expense and doubtful debts expense/provisions

It should be noted that the increase in Cost of Goods Sold (COGS) in FY24 is temporary and reflects the scale up to prepare for migration of new environments, in advance of the NextGen platforms launching. Once NextGen platforms go live, BetMakers expects to realise substantial cost savings in COGS and other IT expenses.

OUTLOOK

Commenting on the outlook, Chief Executive Officer, Jake Henson, said, "The benefits from our transformation program continue to contribute to significantly reduced operating costs. This, combined with a much more streamlined operating model, have ensured the foundations are in place to achieve sustainable and profitable growth.

"There are several positive catalysts and a record pipeline of potential opportunities in train, all of which should continue to position BetMakers for an exciting future. New contracts and partnerships are rolling out which should drive revenue growth, we are adding new capabilities to our offering, we have restructured less profitable contracts, and the development of our market-leading NexGen platform continues to progress."

The Board of BetMakers has authorised the release of this announcement to ASX.



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Disclaimer

The material contained in this document is of general information about the activities of BetMakers as at the date of this update. All monetary figures quoted within this document are in Australian dollars (\$AUD) unless otherwise specified and are provided on an unaudited basis.

This announcement contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- *assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and*
- *current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.*

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

BetMakers Technology Group Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	27,523	78,528
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,696)	(31,792)
(c) advertising and marketing	(40)	(525)
(d) leased assets	(671)	(2,030)
(e) staff costs	(12,417)	(41,982)
(f) administration and corporate costs	(3,668)	(11,045)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(347)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,032	(9,190)

1.1 Recovery of \$4.1m from Betr during the quarter.

1.2 (c) primarily relates to costs incurred in relation to promoting fixed odds wagering in New Jersey and industry events.

1.2 (e) includes ~\$0.1 million in payments related to strategic restructuring, leave costs incurred, and ~\$0.25 million in relation to prior period employment taxes.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(500)	(775)
(c) property, plant and equipment	(285)	(1,408)
(d) investments	-	-
(e) intellectual property / content rights	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	(7,512)	581
2.6 Net cash from / (used in) investing activities	(8,297)	(1,602)

2.1 (b) Initial payment to Punting Form post satisfaction of Special event

2.1 (c) Predominantly relates to funds paid in relation to the development and construction of the new BetLine betting terminals and other on-track and in-venue hardware (for initial use in the US).

2.5 Predominantly relates to the movement in customer funds held customer funds on deposit in relation to Global Tote Hub and ADW operations. The restricted cash balance at 31 March 2024 was \$11.1m.

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	36,486	41,041
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,032	(9,190)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,297)	(1,602)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	824	(204)
4.6	Cash and cash equivalents at end of period	30,045	30,045

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5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	30,045	36,486
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	30,045	36,486

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	143
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Relates to amounts paid to directors for services during Q3 FY24. This includes payments to Matt Davey for employment services in his role as President and Executive Chairman.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,032
8.2 Cash and cash equivalents at quarter end (Item 4.6)	30,045
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	30,045
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	29.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2024.....

Authorised by: The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.