

25 November 2024

BetMakers accelerates transformation strategy and moves closer to profitability

BetMakers Technology Group Ltd (**ASX:BET**) (**BetMakers** or the **Company**), a leading provider of B2B technology solutions for the racing led wagering sector, is pleased to announce an update in relation to the acceleration of its transformation strategy.

Key Highlights

- BetMakers implements several initiatives to expedite its transformation strategy
- Reduction of staff costs by \$5.1 million, streamlining of operations
- Operating expenses expected to fall below the \$60 million target previously outlined
- Next Gen roll-out for Australian platforms progressing well
- New debt facility from Tekkorp Holdings LLC to accelerate transformation and fund strategic initiatives
- Trading update confirms that BetMakers is now aiming to achieve operating cash flow break-even during 3Q FY25

Moving Closer to Profitability

In order to accelerate the Company's transformation strategy, BetMakers has today announced several key initiatives designed to generate further operational efficiencies and further improve operating leverage. These include further reductions in staff costs, the centralisation of corporate functions for streamlined operations, and the upgrades of customers and products to the Company's advanced Next Gen technology platform.

As a result of these initiatives and the recent progress of the Company's transformation strategy, the Company is pleased to confirm that it is now aiming to achieve operating cash-flow break-even during 3Q FY25 and expects to deliver positive operating cash-flow for the six month period ending 30 June 2025¹.

In addition, the Company has secured a new US\$3.0 million debt facility with Tekkorp Holdings LLC (**Tekkorp**) (a company controlled by the Company's Chairman, Matthew Davey) to support its transformation strategy, provide additional financial flexibility, and to further bolster funding capacity for any future strategic initiatives. Details are set out below.

¹ All forward looking statements contained in this release are based on current market conditions and internal projections. For further information regarding forward looking statements refer to the Disclaimer contained in this release.



Operational Efficiency Milestones Achieved

BetMakers confirms that it has reduced its total annualised staff cost by a further \$5.1 million since 30 June 2024. These operational efficiencies are expected to take full effect during 3Q FY25 and have been enabled by several initiatives, including, progress in the Company's technology roadmap and the centralisation of some corporate functions. As a result, the Company expects operating expenses to be below the \$60 million target² for FY25 communicated by the Company with its FY24 results³.

Technology Update

The upgrades of BetMakers' Australian platform customers to the Next Gen platform is progressing well. Management is pleased with the performance of the new platform as well as the feedback it has received from clients and users. BetMakers currently expects the Next Gen platform upgrades to be complete by the end of 1H FY25. BetMakers also expects to launch four new Australian platform brands onto Next Gen by the end of 1H FY25.

In addition to the upgrades of Australian platform customers, BetMakers is now implementing initiatives to complete the overhaul of Global Tote's ADW platform to a multi-tenant and modern architecture, which is expected to improve performance and reduce cloud costs for this product.

Trading Update

The Company currently expects revenue in 2H FY25 to be higher than 1H FY25, as well as benefits anticipated to be realised in 2H FY25 from lower cloud costs and the ongoing reduction in staff and operating expenses.

Based on the above, the Company is pleased to confirm that it is now aiming to achieve operating cash-flow⁴ break-even during 3Q FY25 and expects to deliver positive operating cash-flow for the six months to 30 June 2025.

New Debt Facility

The Company has entered into a US\$3.0 million, 24-month, debt facility with Tekkorp⁵ (**Tekkorp Facility**) that will provide additional financial flexibility for the Company and will be used to help fund the acceleration of the Company's transformation strategy, including funding one-off costs associated with the reduction in staff costs, accelerating the integration of all products and customers onto the Next Gen platform (including with respect to the ADW platform), as well as providing working capital and additional funding capacity for strategic initiatives.

² The \$60m operating expense target refers to cash operating expenses and excludes the impact of any potential capitalisation of staff costs in FY25..

³ Refer to the ASX announcement released by the Company on 30 August 2024.

⁴ Operating cash-flow is as defined in the Company's Appendix 4Cs to be released for the period between 1 January 2025 and 30 June 2025.

⁵ The loan is between Tekkorp Holdings LLC and BetMakers Technology Group Ltd. Tekkorp Holdings LLC is a Company controlled by Matthew Davey.



The key terms of the Tekkorp Facility are as follows:

- 24-month term, unsecured loan, with all principal repayable in a single bullet repayment at maturity. The repayment date is 24 months after the date on which funds are first advanced by the lender to the Company (**Repayment Date**);
- US\$3.0 million of funds available to be drawn down in two tranches (**Loan**):
 - Tranche 1 Loan: US\$2.0 million to be available upon execution of the loan, to be used for working capital purposes of the Company and its Related Bodies Corporate;
 - Tranche 2 Loan: US\$1.0 million to be available only on or after 1 July 2025, or earlier, if approved by Tekkorp, to fund strategic initiatives;
- An interest rate of 12% per annum, with interest to accrue daily. The interest will not be capitalised;
- Interest is payable on the last day of each month that commences after the date on which the Company draws down the Tranche 1 Loan;
- The Loan may be repaid prior to the Repayment Date, at the election of the Company, with no additional costs resulting from any early repayment;
- A line fee will be payable to Tekkorp Capital equal to 2% of the value of the loan (**Line Fee**). The line fee for the Tranche 1 Loan will be payable on or after 1 July 2025. The Line Fee for Tranche 2 Loan will only be payable on or after the drawdown of Tranche 2 Loan.
- The Line Fee can be satisfied at the election of the Company by either 1) a cash payment for the full amount of the Line Fee; or 2) subject to the Company obtaining any approvals required under the Corporations Act, ASX Listing Rules or applicable laws, issuing unlisted options over fully paid ordinary shares in the Company with an exercise price of AUD\$0.15 per Option and expiring 18 months from the date of issue (**Options**). If the Company elects to pay the Line Fee by issuing Options, the Company is only required to seek shareholder approval for the issue of those Options at the Company's annual general meeting, expected to be held on or before 30 November 2025, or any earlier extraordinary general meeting of the Company's shareholders that may be held, at the Company's discretion, before 30 November 2025;
- The Tranche 1 Line Fee is US\$40,000 or 408,636 Options. The Tranche 2 Line Fee is US\$20,000 or 204,318 Options;
- The Company may not grant any security interest over its assets for the purpose of securing any other finance arrangement between the Company and a third party without the written approval of Tekkorp;
- Events of default customary for a loan of this nature, including non-repayment, non-performance, misrepresentation, an insolvency event or unlawfulness and repudiation (**Event of Default**);
- Where an Event of Default occurs and the default has not been remedied within a specified period of time, or is incapable of being remedied, Tekkorp, may in its absolute discretion, by written notice declare all or part of the loan to be paid on or before a specified date or upon demand; and
- The Tekkorp Facility may not be assigned or transferred by either party without the prior written consent of the other party.



Commenting on the update, BetMakers' Executive Chair, Matt Davey, said, "I am excited to see the impact our transformation strategy is already having on the business, and importantly, that management have been able to accelerate this strategy.

"We are extremely pleased with the technology upgrades and the benefits this is delivering through both performance and lower costs. Coupled with other cost reduction initiatives, we have a clear line of sight to profitability. Executing the new debt facility provides us with the added flexibility to implement some of these initiatives.

"BetMakers is on a financial transformation journey, which is designed to deliver long term value for shareholders. We are making strong early progress in this endeavour."

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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. BetMakers notes in particular that a significant portion of its revenue is variable and therefore can change based on factors outside of BetMakers' control.

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; industry conditions both 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.