

# INVESTOR UPDATE AND QUARTERLY ACTIVITIES REPORT 28 OCTOBER 2022

BetMakers Technology Group | ASX:BET

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# Disclaimer

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This shareholder update is dated 28 October 2022.

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# FY23 Q1 Highlights

## Group Financial Performance

- Q1 FY23 revenues of \$23.9 million <sup>1</sup> (+19% vs Q1 FY22)
- Q1 FY23 Cash receipts from customers \$23.8m (+13% vs Q1 FY22)
- 30 September 2022 cash balance of \$64m

## Operational Highlights: Q1 FY23

- 24 platform and Managed Trading Services customers live (6 launched during the quarter)
- Next generation platform completed for News (NTD) consortium. betr launched 12 October ahead of Melbourne Cup
  - Highly successful launch, significantly ahead of management expectations
  - Market share capture strong with >1 million bets taken since launch
- Launched fixed odds betting on thoroughbreds in the United States. Progress slow due to regulatory constraints
- Commenced global distribution of US horse racing content into UK and Australian markets
- On-market share buy-back active with **29.1 million shares** bought on market

<sup>1</sup>: Unaudited revenue figure based on management reporting

**\$23.9m**

Q1 FY22 Revenue <sup>1</sup>

**+19%**

Growth vs. Q1 FY22 Revenue

**\$23.8m**

Q1 FY23 Cash receipts from customers

**+13%**

Growth vs Q1 FY22 Cash receipts from customers

**\$64.0m**

Cash balance as at 30 September 2022

# Summary of Q1 FY23 Quarterly Cash Flows

AUD'000	FY2022
Receipts from customers	23,770
Product manufacturing and operating costs	(6,967)
Advertising and marketing costs	(247)
Leased assets costs	(414)
Staff costs	(17,688)
Administration and corporate costs	(4,313)
Income taxes paid	54
Government grants and tax incentives	-
Other (provide details if material)	(112)
<b>Net cash from / (used in) operating activities</b>	<b>(5,917)</b>
Property, plant and equipment	(2,077)
Payments to acquire businesses	(1,650)
Payments for Intellectual Property	(5,821)
Other (provide details if material)	(690)
<b>Net cash from / (used in) investing activities</b>	<b>(10,238)</b>
Proceeds from exercise of share options	2,580
Other (provide details if material)	(10,680)
<b>Net cash from / (used in) financing activities</b>	<b>(8,100)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>87,550</b>
Net cash flow	(24,255)
Effect of movement in exchange rates on cash held	741
<b>Cash and cash equivalents at end of the period</b>	<b>64,036</b>

## Cash receipts from customers

- \$23.8m +13% VS Q1 FY22

## Operating costs up to \$29.7m (from \$25.8m in Q4 FY22)

- \$1.0m of staff contractor costs related to development of new platform technology
- \$0.3m in costs directly related to US fixed odds expansion
- \$0.9m in annual US insurance premiums
- Staff costs includes FY22 annual bonuses of \$2.8m paid in quarter

## Investing activities of \$10.2m

- PPE of \$2.1m mainly for BetLine terminals for US market
- Business acquisitions relate to TexBet IP acquisition <sup>1</sup> and final deferred “initial payment” for Form Cruncher <sup>2</sup>
- \$5.8m paid to PENN National Gaming for the year 1 rights to offer their racing content outside of the US and Canadian markets <sup>3</sup>

## Financing activity

- \$11.7m invested to purchase 29.1 mil shares in share buy back for quarter, offset by \$1.0m received relating to finalisation of Waterhouse/Tarpin contract

## Payments to Directors included in Staff Costs

- The Company paid Directors \$0.6m for services during Q1 FY23. This included payment to the Chief Executive Officer for employment services

<sup>1</sup>: Please see ASX announcement dated 16 August 2022 “NTD Contract amended to increase max revenue cap by \$20m”

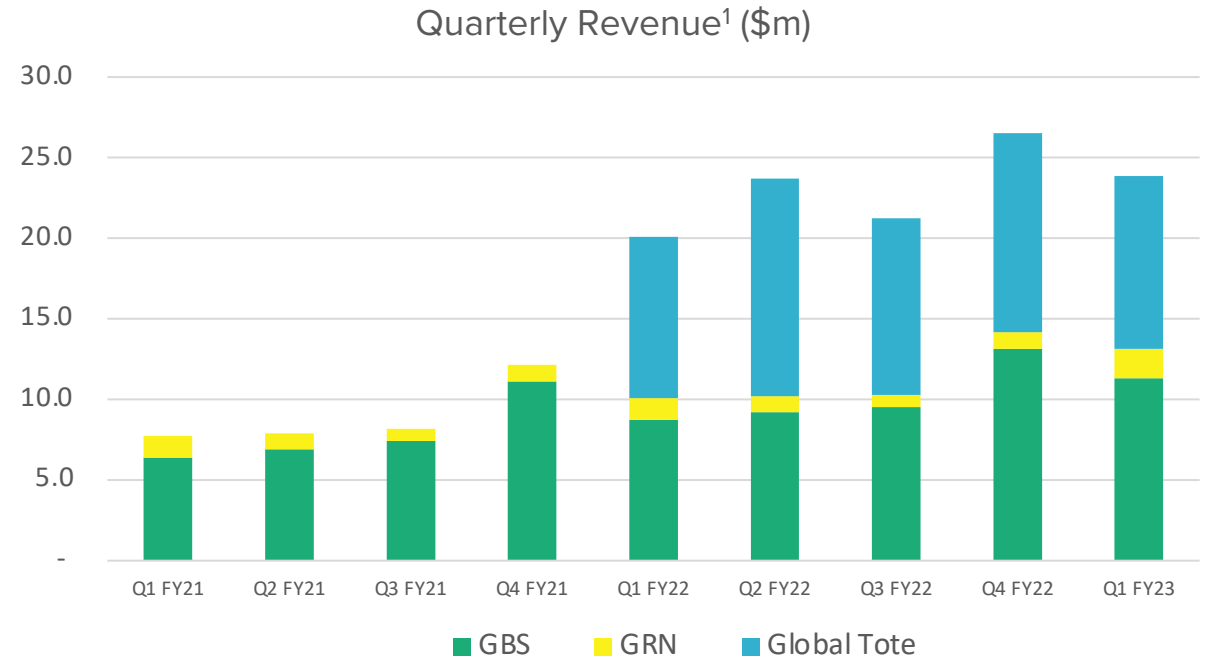
<sup>2</sup>: Please see ASX announcement dated 23 June 2021 “BetMakers acquires Form Cruncher and Swopstakes assets”

<sup>3</sup>: Please see ASX announcement dated 30 June 2022 “BET Signs Deal with Penn National Gaming”

# Quarterly Revenue

## Q1 FY23 Revenue of \$23.9m<sup>1</sup>

- Year on Year revenue growth of **+19%**
  - Global Betting Services **+30%**
  - Global Racing Network **+34%**
  - Global Tote **+7%**
- Q1 FY23 highlights
  - **Global Betting Services** y-on-y quarterly increase due to increase in customers, increased turnover, offset slightly due to restructured Waterhouse deal from 1 July 2022
  - **Global Racing Network** q-on-q growth of **+79%** driven by expanded wagering operator integrations and commencement of PNGI content offering
  - **Global Tote** continues to grow steadily across strong core base



<sup>1</sup>: Unaudited revenue based on management reporting

# Q1 FY23 Divisional Update

## GLOBAL BETTING SERVICES //™

- Significant investment in new BetMakers' proprietary Next Generation digital wagering platform
  - Platform launched to consumers on 12 October ahead of Melbourne Cup
- 6 new platform operators live during the quarter taking the total to 24 platform and managed trading services customers as at 30 September 2022.
- A further 3 have been launched since 30 September (including betr)
- Overall market share of Australian wagering app downloads for BET customers running at >15% in Q1 (pre-betr)

## GLOBAL TOTE //™

- Commenced implementation of new tote betting system in Norway
- Delivered wagering application for UK Tote Group customers
- Progressing with Caesars product offering and Nevada licensing requirements
- Record wagering turnover processed through World Pool initiative
- Continued roll out of BetLine terminal hardware and technology in the US and into new markets

## GLOBAL RACING NETWORK //™

- Expanded wagering operator integrations and commencement of Global content distribution
- Installation of proprietary barrier technology across Greyhound NSW tracks
- Focus on model for New Jersey roll out of fixed odds, preparing for 2023 acceleration in NJ and other states
- Deployment of proprietary racing integrity and reporting platforms into new global racing jurisdictions
- Commenced distribution of North American racing content, including PNGI, Monmouth Park, Kentucky Downs, Century Downs and others, into BetMakers' global network

# GBS Platform Customers

## Market Share

**BetMakers now has 27 platform customers in Australia, which continue to increase market share**

### Managed Trading Services platform customers take share

Analysis from independent researcher Taylor Collison shows the extent to which BetMakers' customers are gaining traction. By outsourcing the tech development and trading functions, platform customers can focus on strategy, compliance, branding, marketing, personalisation and other sources of competitive differentiation.

Market share of Australian wagering app downloads now consistently running above 15% (pre-betr launch)

### Share of wagering turnover trending up

BetMakers' platform and managed trading services customers are generating annualised turnover in excess of \$2bn per annum <sup>1</sup>

### Revenue share model lowers risk for operators

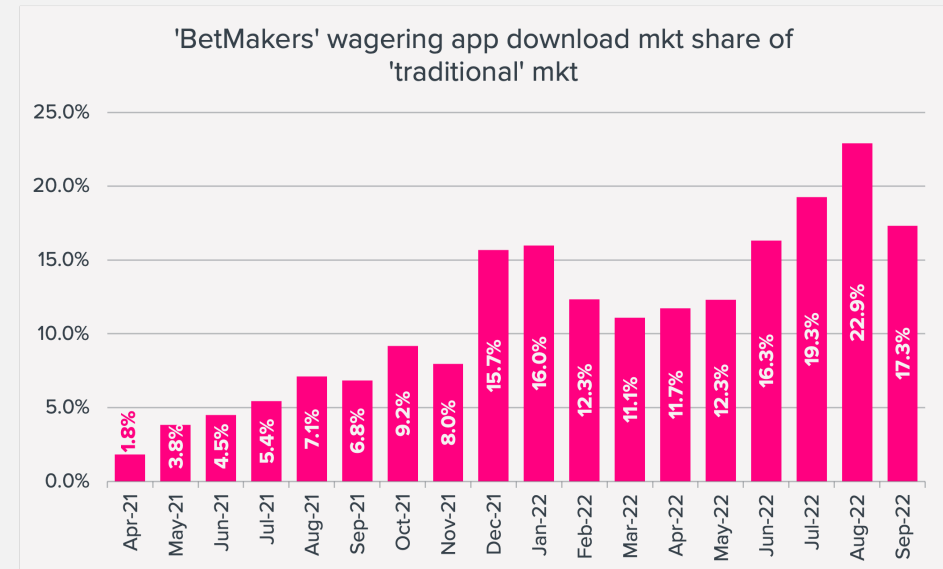
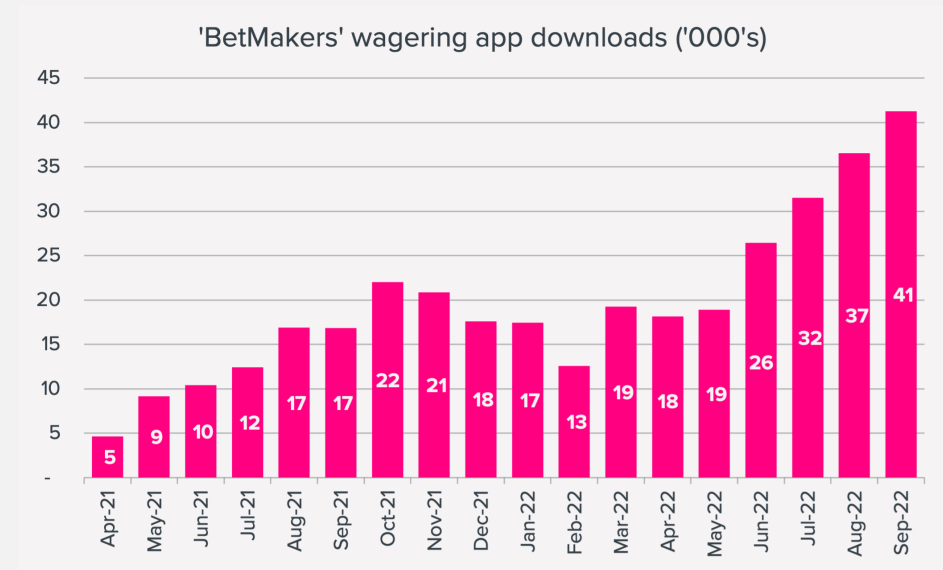
BetMakers' success-based revenue model is accepted in the marketplace, with key benefits for wagering operators including accelerated time to market, operational efficiencies, lower risk, and best-in-class technology

### betr launch to be additive to existing GBS customers

The launch of betr in October is not included in the download market share figures or the estimates of turnover through the BetMakers platform

Source of charts: Taylor Collison research

<sup>1</sup>: BetMakers' customer turnover based on Q1 FY23 turnover annualised



# betr Launch

## Next Generation Platform

### Developing market-leading tech

- o Signed and announced tech, product and trading deal 21 April 2022
- o Developed bespoke customer front end technology
- o All proprietary BetMakers technology driving both front and back-end components of the betr platform
- o Product pipeline locked in for Tier 1 offering expected to be before 2023 AFL and NRL season commencement
- o Technology benefits available to roll out to customers in Australia and internationally

### 12 October 2022 Launch

- o Highly successful launch, significantly ahead of management and customer expectations
- o Market share capture strong with >1 million bets taken since launch
- o Platform capacity exceeded 7000+ bets per minute
- o Ambitious well-positioned partner, with scope for additional BET services



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# US Fixed Odds Progress



**BetMakers has now launched fixed odds betting on thoroughbred horse racing in New Jersey, and while progress has been made, expanded adoption has been slower than expected**

## **Focus on the New Jersey fixed odds model**

BetMakers' strategy is to work with the New Jersey horseracing industry (NJTHA and Monmouth Park) to focus on getting the model right for the long-term benefit of the industry in NJ and subsequently in other US states. This has meant a slower launch than originally anticipated and delayed progress into other states, but the Company is encouraged by the recent increased focus on the sport and remains fully committed to the roll out of fixed odds betting on Horse racing in the United States.

## **Significant progress achieved and preparing further momentum for 2023**

Launch of retail fixed odds wagering at Monmouth Park in New Jersey successful in 2022

- Operated 6 fixed odds terminals out of ~300 on track during 2022 meet
- Processed ~13% of racing volume on win, place and show on Monmouth content

Launch of MonmouthBets generic website to set regulatory guidelines for the development of MonmouthBets App and other technologies

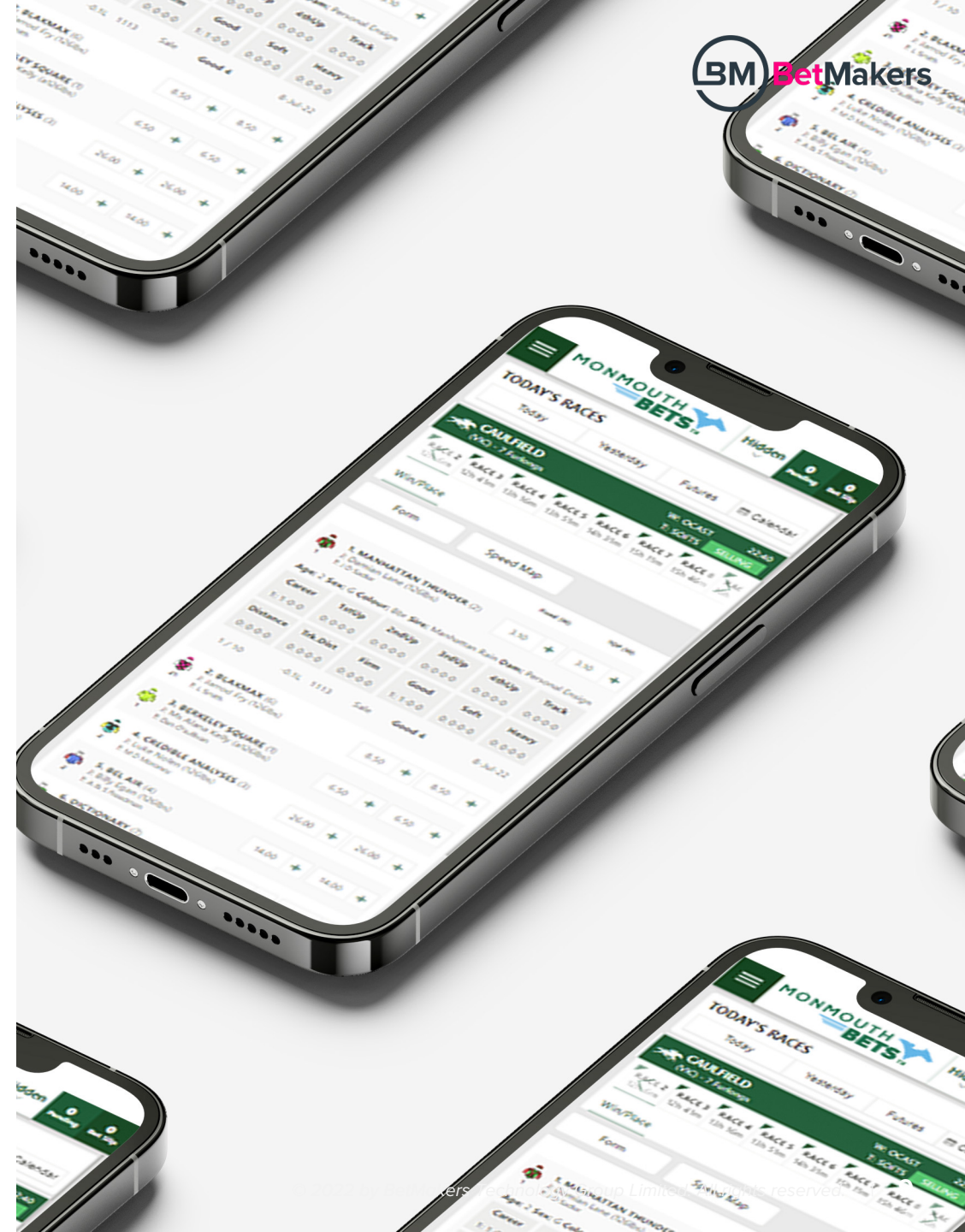
- MonmouthBets iOS and Android Application is currently in the regulatory approval process
- Plan to launch in Q1 CY23, and include instate, out of state and International content

## **Additional content secured for 2023**

The company has secured both out of state and International content and will need to continue to expand the content offering to ensure it delivers a comprehensive racing offering

- In State signal – Monmouth Park Thoroughbred racing - secured
- Out of State Signals - racing content from other states being sold into New Jersey
- International Signals - racing content from other countries being sold in New Jersey

**BetMakers intends to continue to aggressively target racetracks and rights holders for access to suitable content for a comprehensive racing solution**



# THANK YOU!

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