



Q4 FY23

INVESTOR UPDATE

31 July 2023

BetMakers Technology Group | ASX:BET

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This shareholder update is dated 31 July 2023.

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WE **SIMPLIFY** BETTING

Our mission is to power excitement, growth and sustainability of wagering globally.

**GLOBAL BETTING
SERVICES** ///™

**GLOBAL
TOTE** ///™

**GLOBAL RACING
NETWORK** ///™

Q4 FY23 Review

\$24.8m

+5% vs Q3 FY23

Q4 FY23 cash receipts from customers

\$99.1m

+6% vs FY22

FY23 Cash receipts from customers

\$26.9m¹

-6% vs Q3 FY23

Operational cash outflows

Continuation of strategic operational review – further execution during Q1 FY24

39%

vs Q3 FY23

Net decrease in cash outflows from operations

Continued execution toward positive cash flow generation from operations

\$41.0m²

30 June 2023 cash balance

¹ Operational Cash Outflows is derived from the Appendix 4C, calculated as “Net cash from / (used in) operating activities”, less “Receipts from customers”, less “Income taxes paid”, less \$0.7m in one off restructuring costs paid in Q4 FY23

² 30 June 2023 cash balance includes \$9.6m of restricted cash (customer funds held on deposit in relation to Global Tote and ADW operations). Net ‘unrestricted’ cash balance at 30 June 2023 of \$31.4m

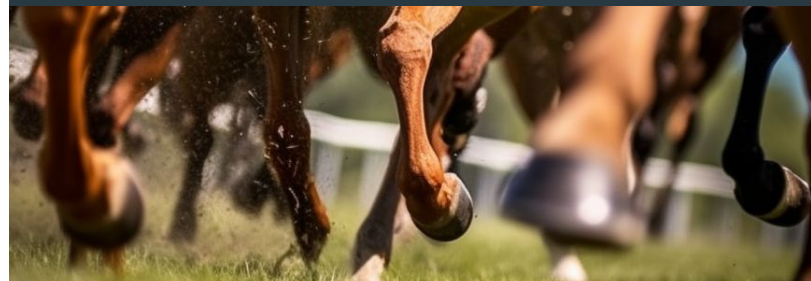
Q3 FY23 OBJECTIVES SCORECARD

- ✓ Reduce and normalise the cost base
- ✓ Simplify the global operating model
- ✓ Drive operating scale through technology

Deliver on the current opportunities:

- ✓ New markets – International fixed odds
- ✓ New clients – Caesars & Rikstoto

- ✓ Complete or nearing completion
- ✓ Commenced and progressing

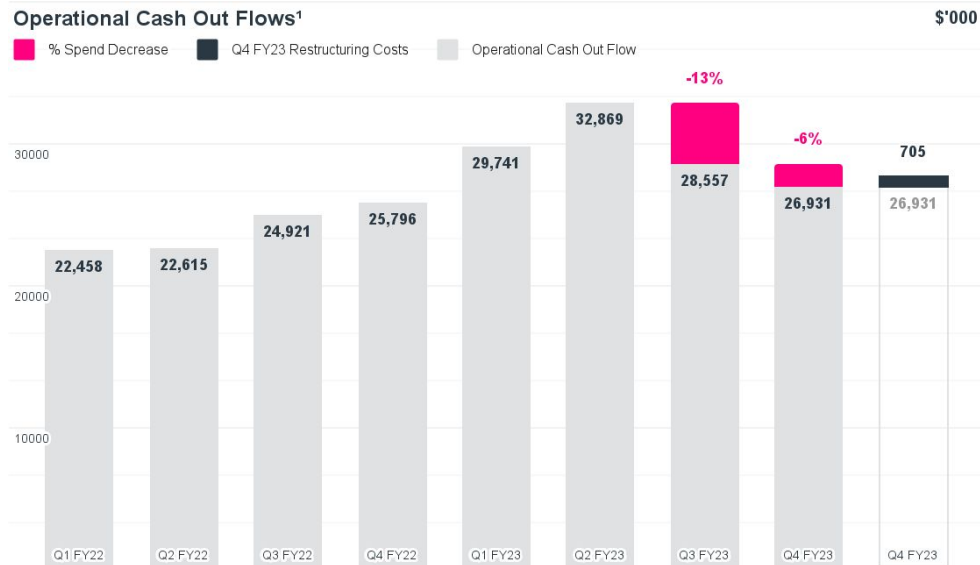


Reduce and Normalise the Cost Base

As announced on 31 May 2023², the Company embarked on a strategic restructure of global operations and technology to normalise the operating cost base.

In Q4 FY23 the Company took concrete steps to streamline and consolidate key software offerings and to leverage technology monitoring and reporting capabilities, to normalise staff and operating overheads.

- Reduced headcount by 15%³ to 485 with further reductions underway (projected to normalise at approximately 440⁴).
- Adjusted the global operations, simplifying and streamlining its structure.
- Introduced tools and automating various aspects of our operations to improve efficiency, productivity and reduce operating costs.



¹ Operational Cash Outflows is derived from the Appendix 4C, calculated as "Net cash from / (used in) operating activities", less "Receipts from customers", less "Income taxes paid", less \$0.7m in one off restructuring costs paid in Q4 FY23

² See ASX announcement dated 31 May 2023, "BetMakers executes strategic operational restructure"

³ Compared to headcount as at 31 December 2022

⁴ As per management forecasts reflecting the current headcount, and the expected further reduction in headcount as a result of completing the global efficiency program

Simplify the Global Operating Model

Restructuring management to better align business focus and streamline internal communications and delivery:

- **Matt Davey appointed to the Board as President and Executive Chairman**

With a deep knowledge of the US gaming and wagering market, and a proven track record of growing company value, Matt will provide strategic direction, oversight and prioritisation.

- **Jake Henson appointed Chief Executive Officer**

Jake will focus on driving the operational excellence of the business and optimising profitability.

- **Todd Buckingham appointed Chief Growth Officer**

Todd, a founder of BET, will focus on developing and executing on international strategy and opportunities.

- **Chelsey Abbott appointed Chief People Officer**

Chelsey has been leading the People & Culture division of BET for 2 years and is critical in executing the strategic restructure and streamlining resources for optimisation and growth.

- **Christian Stuart departs as North American CEO**

US operations are now further streamlined into the relevant business divisions.

REFINED SALES FOCUS ON CORE PRODUCTS:

- Global Tote – digital and new systems
- Managed Trading Services
- API and Data solutions
- Embedded turn-key racebooks



**MATT
DAVEY**



**JAKE
HENSON**



**TODD
BUCKINGHAM**

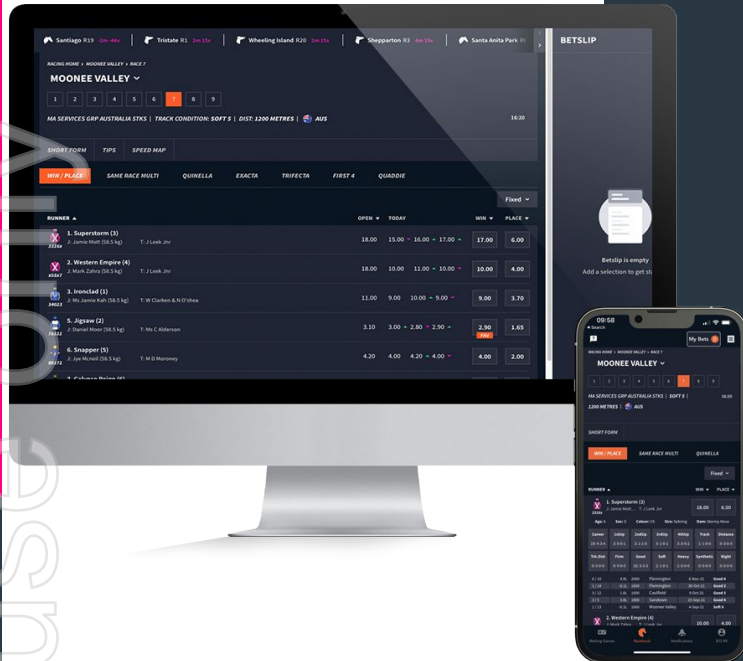


**CHELSEY
ABBOT**

Drive Operating Scale Through Technology

The Company has commenced the consolidation of legacy technology and streamlining of product suites and customer offerings to allow more focused development investment, and improved product offering for customers and more operating margin to the business.

- Streamlining of platform MTS offering – migration of Australian platform clients to a standard version
- Consolidation of tote wagering platforms
- Utilising full stack platform offering to drive turn-key embedded facebook solutions
- Consolidation of racing data offerings – DynamicOdds, Form Cruncher and Punting Form



Deliver On the Current Opportunities

The Company expects to deliver revenue growth by realising the revenues from the products already built and the customers already contracted. Key contracted opportunities include:

CAYMANAS PARK	<p>During Q2 FY23 the Company launched fixed odds betting in Jamaica, at Caymanas Park¹. BetMakers is currently facilitating fixed odds wagering on-track and is working closely with our local partners and regulators to i) expand the content offering available for fixed odds wagering ii) expand fixed odds accessibility to Off-Track shops, and iii) launch a domestic digital platform (expected launch Q2 FY24).</p>
DISTRIBUTION OF PENN ENTERTAINMENT CONTENT	<p>In April 2023 the Company executed a non-binding term sheet with Stronach Group's 1/ST Content for distribution of BetMakers' Global Racing Network's ("GRN") race meetings into international wagering markets².</p> <p>This commercial relationship commenced 1 May 2023 and is providing extended distribution and monetisation of GRN's North American thoroughbred content.</p>
RIKSTOTO	<p>BetMakers is contracted as the tote technology and services provider for the country of Norway under a 10-year agreement with Norsk Rikstoto³. BetMakers is continuing to work with the client to design and develop the wagering solution (expected launch Q3 FY24).</p>
US FIXED ODDS	<p>See next slide for further detail.</p>
CAESARS PARI-MUTUAL AND RACING SERVICES	<p>See slide 10 for further detail.</p>

¹ See ASX announcement dated 31 January 2023, "Q2 FY23 Quarterly Activities Report and Appendix"

² See ASX announcement dated 3 April 2023, "North American Racing and Key Management Update"

³ See ASX announcement dated 23 May 2022, "BetMakers selected as new tote provider in Norway"

US Fixed Odds Opportunity

- **Core product established (technology, hardware and content solution):**
 - Launched Monmouthbets, the USA's first web and mobile apps for fixed odds thoroughbred betting.
 - Expanded fixed odds-eligible content with racetracks from the USA, Caribbean, and South America (including domestic deals signed with Penn National Gaming and Parx Racing).
 - Deployed fixed odds betting to self-service retail terminals, increasing points of sale at Monmouth Park.
- **Focus on scale:**
 - Build out the app offering to include more functionality, and broader product offering by markets and bet types.
 - Focus on being the content delivery partner, and not the content owner.
 - Remain at forefront of new markets – active discussions with various US States regarding legislation or promulgate regulations, to permit fixed odds wagering on horse racing.
 - Work closely with operators and content media providers to expand distribution and awareness of the product.

Caesars Racing Partner

UPDATE

- BetMakers signed an Agreement¹ to become the exclusive provider of Pari-mutuel racing services for Caesars Entertainment Inc's brick-and-mortar retail sportsbook locations in Nevada.
- Under the Agreement¹, BetMakers will provide middleware and software services to connect Caesars' William Hill Liberty platform into relevant pari-mutuel pools.
- At the start of FY23, BetMakers launched the initial venue at Council Bluffs (Iowa).
- The Company is progressing the technical approval process in Nevada.
- A field trial will be undertaken at 2 of Caesar's Nevada venues. Following successful completion of the field trials, a wider roll-out will occur - deploying the middleware software solution into the remaining 26 Nevada locations. This is expected to be completed in Q3 FY24.

¹ See ASX announcement dated 23 December 2021, "Caesars Sportsbook names BET Racing Partner in Nevada"

FY24 Strategic Focus

CONTINUE TO RATIONALISE THE COST BASE

- Extract further efficiencies during Q1 FY24.
- Simplify the operating model.
- Deliver positive operating cash flows and a solid foundation to support growth.
- Retire legacy technical platforms.

DELIVER GROWTH

- With the operating model addressed, return to a focus on revenue growth.
- Deliver on the key opportunities we have contracted.
- Focus on our strengths - providing world leading racing and betting technology and service solutions.

FOCUS ON CAPITAL MANAGEMENT

- The company has cash on the balance sheet and no debt.
- Market conditions are challenging, with limited capital, margin pressures, increased competition, and revised valuation metrics.
- Take an opportunistic approach to strategic capital allocation.

Q4 FY23 4C Review

Pursuing positive operating cash flow and establishing a sound foundation to maximise future growth:

- Cash receipts from customers of \$24.8m (+5% vs Q3 FY23)
- Operational cash outflows of \$26.9m¹ (-6% vs Q3 FY23)
- Negative \$2.1m in normalised net cash from operations²
- Further cost efficiencies to be unlocked in Q1 FY24



¹Operational Cash Outflows is derived from the Appendix 4C, calculated as "Net cash from / (used in) operating activities", less "Receipts from customers", less "Income taxes paid", less \$0.7m in one off restructuring costs paid in Q4 FY23

²Normalised new cash from operations is derived from the Appendix 4C, calculated as "Net cash from / (used in) operating activities", less "Income taxes paid", less \$0.7m in one off restructuring costs paid in Q4 FY23

Q4 FY23 4C Review

- Receipts from Customers of \$24.8m (+5% vs Q3 FY23).
- Results of strategic operational restructure:
 - Product manufacturing and operating costs (-10% vs Q3 FY23) - focus on managing and right-sizing of systems and cloud environment costs.
 - Staff costs (-4%² vs Q3 FY23) - reduction in the use of third party contractors during Q3 and progress made on company restructuring during Q4.
 - Administration and corporate costs (no change vs Q3 FY23) - reduction in use of third party advisors during Q3 and inflated travel costs during Q4 as a result of operational strategic review.
 - Overall operational cash outflows of \$26.9m¹ (-6% vs Q3 FY23).
- Investing activity cash flows include:
 - PP&E, primarily related to funds paid in relation to the development and construction of the new BetLine betting terminals and other on-track and in-venue hardware.
 - Payments to acquire businesses relates to the final payment towards the purchase of TexBet (\$1.375m) and \$0.9m of historical due diligence costs.
 - 'Other' predominantly relates to the movement in customer funds held on deposit in relation to Global Tote and ADW operations.

AUD'000	Q4 FY23
Receipts from customers	24,841
Product manufacturing and operating costs	(8,154)
Advertising and marketing costs	(183)
Leased assets costs	(582)
Staff costs	(15,822)
Administration and corporate costs	(2,845)
Income taxes paid	(249)
Government grants and tax incentives	-
Other (provide details if material)	(50)
Net cash from / (used in) operating activities	(3,044)
Property, plant and equipment	(1,625)
Payments to acquire businesses	(2,276)
Payments to acquire intellectual property	-
Other (provide details if material)	(8,273)
Net cash from / (used in) investing activities	(12,174)
Proceeds from exercise of share options	-
Other (provide details if material)	-
Net cash from / (used in) financing activities	-
Cash and cash equivalents at beginning of the period	56,164
Net cash flow	(15,218)
Effect of movement in exchange rates on cash held	96
Cash and cash equivalents at end of the period	41,042

¹Operational Cash Outflows is derived from the Appendix 4C, calculated as "Net cash from / (used in) operating activities", less "Receipts from customers", less "Income taxes paid", less \$0.7m in one off restructuring costs paid in Q4 FY23

²Comparative Q4 staff costs are net of \$0.56m one off costs incurred in relation to the operational strategic review

FY23 4C Review

AUD'000	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY2023
Receipts from customers	23,770	26,903	23,569	24,841	99,083
Product manufacturing and operating costs	(6,967)	(10,452)	(9,057)	(8,154)	(34,630)
Advertising and marketing costs	(247)	(499)	(174)	(183)	(1,103)
Leased assets costs	(414)	(711)	(602)	(582)	(2,309)
Staff costs	(17,688)	(17,324)	(15,867)	(15,822)	(66,701)
Administration and corporate costs	(4,313)	(3,772)	(2,828)	(2,845)	(13,758)
Income taxes paid	54	48	(35)	(249)	(182)
Other (provide details if material)	(112)	(111)	(29)	(50)	(302)
Net cash from / (used in) operating activities	(5,917)	(5,918)	(5,023)	(3,044)	(19,902)
Property, plant and equipment	(2,077)	(2,384)	(1,076)	(1,625)	(7,162) A
Payments to acquire businesses	(1,650)	(2,810)	-	(2,276)	(6,736) B
Payments to acquire intellectual property	(5,821)	(787)	-	-	(6,608) C
Other (provide details if material)	(690)	9,577	1,196	(8,273)	1,810 D
Net cash from / (used in) investing activities	(10,238)	3,596	120	(12,174)	(18,696)
Proceeds from exercise of share options	2,580	90	-	-	2,670 E
Other (provide details if material)	(10,680)	(416)	-	-	(11,096) F
Net cash from / (used in) financing activities	(8,100)	(326)	-	-	(8,426)
Cash and cash equivalents at beginning of the period					87,550
Net cash flow					(47,024)
Effect of movement in exchange rates on cash held					516
Cash and cash equivalents at end of the period					41,042

- A** \$5.7m 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.
- B** \$0.3m relates to deferred payments in respect of the Form Cruncher acquisition, \$2.8m relates to payments to acquire Punting Form, \$2.75m relates to payments made toward the purchase of TexBet, and \$0.9m relates to due diligence costs.
- C** \$5.8m relates to the Year 1 Penn Entertainment content rights acquired and \$0.8m relates to the Sportschamps IP rights acquired.
- D** Relates to the movement in customer funds held on deposit in relation to Global Tote and ADW operations.
- E** Predominantly relates to funds received from Waterhouse VC upon the exercise of share options.
- F** Predominantly relates to funds used as part of the on-market share buyback.

INVESTOR QUESTIONS

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