

APPENDIX 4D

HALF-YEAR REPORT



Name of entity: BetMakers Technology Group Ltd
ABN: 21 164 521 395

Reporting period: For the half-year ended 31 December 2023
Previous period: For the half-year ended 31 December 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | | | \$'000 |
|--|------|-------|----|----------|
| Revenues from ordinary activities | up | 9.9% | to | 51,364 |
| Loss from ordinary activities after tax attributable to the owners of BetMakers Technology Group Ltd | down | 32.3% | to | (13,493) |
| Loss for the year attributable to the owners of BetMakers Technology Group Ltd | down | 32.3% | to | (13,493) |

DIVIDENDS

There were no dividends paid, recommended or declared during the current financial period.

COMMENTS

The loss for the Group after providing for income tax amounted to \$13,493,000 (31 December 2022: \$19,945,000). This includes share-based payments expense of \$1,366,000 (31 December 2022: \$5,291,000) and impairment of receivables expense of \$5,092,000 (31 December 2022: nil).

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

SUPPLEMENTARY INFORMATION

Half-year report given to the ASX under Listing Rule 4.2A.

This report should be read in conjunction with the Annual Financial Report of the Company for the year ending 30 June 2023 and any public announcements made by the Company since that date.

NET TANGIBLE ASSETS

| | Consolidated | |
|--------------------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 |
| Net assets | 138,324 | 167,351 |
| Less: Intangibles | (57,105) | (71,077) |
| Less: Right-of-use (ROU) assets | (3,660) | (5,019) |
| Add: Lease liabilities - current | 1,475 | 618 |
| Add: Lease liabilities - non-current | 2,174 | 4,552 |
| Net tangible assets | 81,208 | 96,425 |

| | 31-DEC-2023 | 31-DEC-2022 |
|---|--------------------|-------------|
| Number of ordinary shares on issue | 948,261,674 | 942,052,401 |

| | REPORTING PERIOD CENTS | PREVIOUS PERIOD CENTS |
|--|------------------------|-----------------------|
| Net tangible assets per ordinary security | 8.56 | 10.24 |

APPENDIX 4D CONTINUED

HALF-YEAR REPORT

CONTROL GAINED OVER ENTITIES

Not applicable.

LOSS OF CONTROL OVER ENTITIES

Not applicable.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

FOREIGN ENTITIES

Details of origin of accounting standards used in compiling the report:

Currently all accounting policies of the Group are consistent with those adopted by its ultimate holding company, BetMakers Technology Group Ltd.

AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

ATTACHMENTS

Details of attachments (if any):

The Interim Report of BetMakers Technology Group Ltd for the half-year ended 31 December 2023 is attached.

SIGNED

As authorised by the Board of Directors:



Matt Davey
Chairman

Date: 28 February 2024

BETMAKERS TECHNOLOGY GROUP LTD

ABN 21 164 521 395

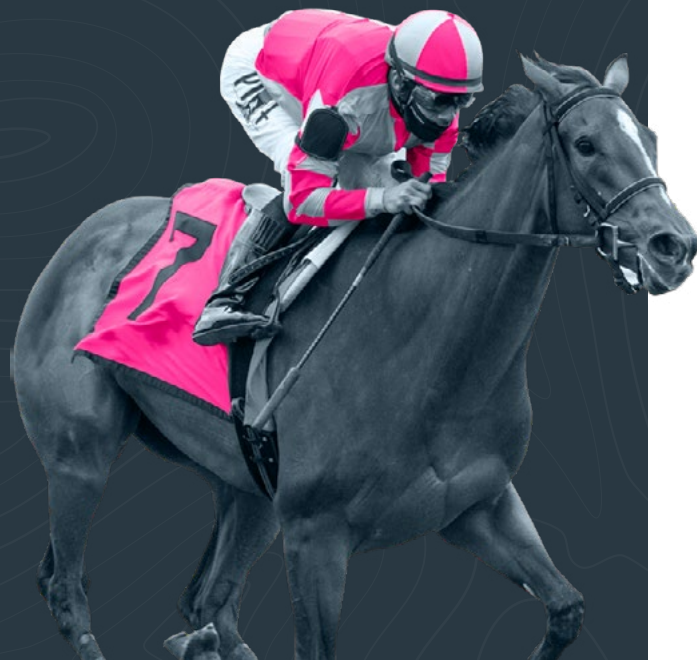


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INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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WE SIMPLIFY BETTING.

BetMakers Technology Group (ASX:BET) is a leading international provider of advanced wagering technology, data, content and service solutions with a footprint that spans the world's major racing and betting markets.

Our technology and service solutions simplify betting at critical points along the wagering life cycle for bookmakers, pari-mutuel wagering operators, rights holders and racing authorities, unlocking new revenue streams, expanding markets, and enhancing the user experience.

At BetMakers, our mission is to power excitement, growth and sustainability of wagering globally.

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of BetMakers Technology Group Ltd (referred to hereafter as the 'Company', 'BET' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The following persons were Directors of BetMakers Technology Group Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Matt Davey - President and Executive Chairman
- Simon Dulhunty - Non-Executive Director
- Rebekah Giles - Non-Executive Director
- Anna Massion- Non-Executive Director
- Nicholas Chan - Non-Executive Director (resigned on 31 October 2023)

PRINCIPAL ACTIVITIES

The Group's principal activities during the financial half-year were the development and provision of software, data and analytic products for the B2B wagering market and the production and distribution of racing content.

REVIEW OF OPERATIONS

The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards. All figures are in Australian dollars unless otherwise stated.

The Directors consider EBITDA to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net loss before tax ('NLBT') for the current and previous half-year to adjusted EBITDA is as follows:

| | CONSOLIDATED 31-DEC-2023 \$'000 | CONSOLIDATED 31-DEC-2022 \$'000 | VARIANCE \$'000 | VARIANCE % |
|--|---------------------------------------|---------------------------------------|--------------------|---------------|
| Revenue | 51,362 | 46,741 | 4,621 | 9.9% |
| Gross margin | 33,068 | 30,187 | 2,881 | 9.5% |
| Loss before income tax | (12,888) | (25,909) | 13,021 | (50.3%) |
| <i>Add/(Less) back:</i> | | | | |
| <i>Depreciation and amortisation</i> | 5,336 | 4,819 | 517 | 10.7% |
| <i>Finance costs</i> | 164 | 367 | (203) | (55.3%) |
| <i>Share-based payments expense</i> | 1,366 | 5,291 | (3,925) | (74.2%) |
| <i>Impairment of receivables¹</i> | 5,092 | - | (5,092) | - |
| Adjusted EBITDA | (930) | (15,432) | 14,502 | 94.0% |

1. The Company believes that the receivable impairment is an isolated and specific event relating to two customers. The Company is currently in discussions with both customers for recovery. The Company is unable to comment on the expected outcome of these discussions and therefore there is no guarantee that the full value of these receivables will be recovered.

During the six months to 31 December 2023 the Company was focused on executing on its restructuring plan, reducing its cost base, and setting a sustainable foundation for future growth through the renewal of contracts with key partners and signing new customer contracts.

The restructuring plan has simplified the Group's operations, including streamlining the business model across three operating segments: Global Betting Services, Global Tote and Corporate. This streamlining of operations also included a reduction in headcount from 456 at 30 June 2023 to 414 at 31 December 2023.

The Company is now operating with a reduced cost base and is focused on delivering revenue growth.

The investments made in technologies and infrastructure puts BetMakers in a stronger position to deliver the next phase of revenue and earnings growth through customer acquisition and retention, the continued reduction in operating costs, and the delivery of long-term projects in H2 FY24 including the new national tote system for Norsk Rikstoto of Norway and the embedded tote solution for Caesars Entertainment.

The loss for the Group after providing for income tax amounted to \$13,493,000 (31 December 2022: loss of \$19,945,000).

Excluding depreciation and amortisation, income tax expense and financing costs, the Group's result was a loss of \$7,388,000 (31 December 2022: loss of \$20,722,000). This includes \$1,366,000 of share-based payments expense (31 December 2022: \$5,291,000) and impairment of receivables expense of \$5,092,000 (31 December 2022: \$nil). The Group's Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') excluding share-based payments expense and impairment of receivables expense is a loss of \$930,000 (31 December 2022: loss of \$15,432,000).

H1 FY24 OPERATIONAL HIGHLIGHTS

BetMakers is a leading B2B technology company servicing the global racing and online sports betting industries. The Group is defined through three divisions; Corporate, Global Betting Services and Global Tote. The Company achieved revenues for the half-year of \$51,362,000, an increase of 9.9% compared to the prior half-year (2022: \$46,741,000). This growth was driven by:

- Marginal growth in the Company's platform and managed trading services offering in the Australian market, despite a downward shift in market conditions and opportunities in the Australian market; and
- The growth in pari-mutuel wagering customers and pooling integrations.

| | Consolidated | | | |
|-------------------------|-------------------|-------------------|--------------------|---------------|
| | H1 FY24 \$'000 | H1 FY23 \$'000 | VARIANCE \$'000 | VARIANCE % |
| Global Betting Services | 26,787 | 25,375 | 1,412 | 5.6% |
| Global Tote | 24,575 | 21,366 | 3,209 | 15.0% |
| Total revenue | 51,362 | 46,741 | 4,621 | 9.9% |

CORPORATE HIGHLIGHTS

- Completed restructure of US Operations.
- Simplified operating model to two key segments.
- Nicholas Chan, Non-Executive Board member, resigned his position on 31 October 2023.

STRATEGIC FOCUS AND OUTLOOK

Having made significant strides in its FY24 objectives, the Company's focus remains on further reducing the cost base and moving towards profitability. Additional cost reductions are expected to result from leveraging technology solutions such as OneWatch, right-sizing infrastructure and software usage, and continuing to simplify the operating model.

GLOBAL BETTING SERVICES ///™

DIVISION HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Extended and signed contracts with key partners including PointsBet Australia, Dabble, and 888's William Hill.
- Signed content management agreements with multiple PENN Entertainment racetracks and with Hawthorne Race Course.

STRATEGIC FOCUS & OUTLOOK

- Continue to develop and enhance the 'Next Gen' platform solution.
- Launch the AdVantage Platform in partnership with PA Betting Services, leveraging our 'Next Gen' technology to offer a new turn-key path to more operators.
- Upgrade existing digital pari-mutuel ("ADW") client platforms in North America with 'Next Gen' technology.

GLOBAL TOTE ///™

DIVISION HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Delivered Caesars Entertainment embedded racebook solution.
- Signed new tote client Selangor Turf Club and extended and expanded agreements with Argentina Jockey Club, The Meadowlands in New Jersey, and ZeTurf in the Netherlands.
- Launched the new OneWatch terminal monitoring system to allow the Company to continue simplifying its operating model.

STRATEGIC FOCUS & OUTLOOK

- Complete full deployment of our terminal middleware software solution into 26 Caesars Entertainment Nevada locations.
- Complete consolidation of tote wagering platforms globally and the global deployment of new client-facing service portal and consolidated service delivery function.
- Expand on key pari-mutuel contracts such as Caesars, Argentina and Norsk Rikstoto.
- Work with existing customers and racing bodies to expand tote integrations and improve pool liquidity.
- Deploy BetLine wagering terminals to additional clients in the USA.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 31 October 2023, the Company announced changes to its Board, namely that Nicholas (“Nick”) Chan, formerly Non-Executive Director, had stepped down from the Board. It was determined that the Board’s current composition is appropriate for the current size and profile of BetMakers and therefore there is no intention to replace Nick’s role on the Board.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

PRINCIPAL BUSINESS RISKS

The material business risks that could adversely affect the Group's financial performance and growth potential in future years and how the Group proposes to mitigate such risks were detailed in the Annual Report at 30 June 2023. Those risks have been assessed up to the reporting date with no significant changes noted since then.

ROUNDING OF AMOUNTS

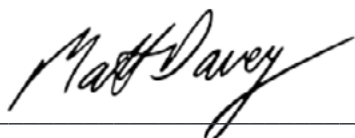
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors:



Matt Davey
Chairman

Date: 28 February 2024

BetMakers Technology Group Limited

Auditor's Independence Declaration under section 307C of the *Corporation Act 2001*

I am pleased to provide the following declaration of independence to the Directors of Betmakers Technology Group Limited.

As lead audit partner for the review of the financial statements of BetMakers Technology Group Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



PKF



PAUL PEARMAN
PARTNER

28 FEBRUARY 2024
SYDNEY, NSW

FINANCIAL STATEMENTS

The following Statements should be read in conjunction with the accompanying notes.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | NOTE | Consolidated | |
|---|------|-----------------------|-----------------------|
| | | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 |
| Revenue | 4 | 51,362 | 46,741 |
| Cost of goods sold | | (18,294) | (16,554) |
| Gross margin | | 33,068 | 30,187 |
| Net foreign exchange gain | | 510 | 120 |
| Interest revenue | | 2 | 3 |
| EXPENSES | | | |
| Employee benefits expense | 5 | (24,650) | (34,010) |
| Professional fees | | (2,677) | (4,077) |
| Administration expenses | | (2,985) | (3,395) |
| IT expenses | | (3,070) | (2,701) |
| Occupancy expenses | | (660) | (877) |
| Depreciation and amortisation expense | 5 | (5,336) | (4,819) |
| Impairment of receivables | 5 | (5,092) | - |
| Share-based payments expense | 18 | (1,366) | (5,291) |
| Other expenses | | (468) | (682) |
| Finance costs | 5 | (164) | (367) |
| Loss before income tax (expense)/benefit | | (12,888) | (25,909) |
| Income tax (expense)/benefit | | (605) | 5,964 |
| Loss after income tax (expense)/benefit for the half-year attributable to the owners of BetMakers Technology Group Ltd | | (13,493) | (19,945) |
| OTHER COMPREHENSIVE LOSS | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (145) | 2,306 |
| Other comprehensive (loss)/income for the half-year, net of tax | | (145) | 2,306 |
| Total comprehensive loss for the half-year attributable to the owners of BetMakers Technology Group Ltd | | (13,638) | (17,639) |
| | NOTE | 31-DEC-2023 CENTS | 31-DEC-2022 CENTS |
| Basic loss per share | 17 | (1.43) | (2.16) |
| Diluted loss per share | 17 | (1.43) | (2.16) |

STATEMENT OF FINANCIAL POSITION

| | NOTE | Consolidated | |
|--------------------------------------|------|-----------------------|-----------------------|
| | | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 36,479 | 41,041 |
| Trade and other receivables | 6 | 16,182 | 27,642 |
| Finished goods | | 4,215 | 4,170 |
| Current tax asset | | 286 | - |
| Other assets | | 3,890 | 2,474 |
| Total current assets | | 61,052 | 75,327 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 26,822 | 28,365 |
| Right-of-use assets | 8 | 3,660 | 4,331 |
| Intangible assets | 9 | 57,105 | 56,706 |
| Deferred tax asset | | 34,024 | 34,024 |
| Defined benefits scheme | | 773 | 792 |
| Total non-current assets | | 122,384 | 124,218 |
| Total assets | | 183,436 | 199,545 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 33,204 | 35,079 |
| Contract liabilities | | 1,974 | 1,848 |
| Lease liabilities | | 1,475 | 1,401 |
| Income tax | | 582 | 472 |
| Employee benefits | | 1,965 | 2,343 |
| Provisions | | - | 651 |
| Other financial liabilities | 11 | 3,250 | 3,500 |
| Total current liabilities | | 42,450 | 45,294 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 2,174 | 3,308 |
| Employee benefits | | 361 | 220 |
| Provisions | | 127 | 127 |
| Total non-current liabilities | | 2,662 | 3,655 |
| Total liabilities | | 45,112 | 48,949 |
| Net assets | | 138,324 | 150,596 |
| EQUITY | | | |
| Issued capital | 12 | 303,159 | 300,009 |
| Reserves | | 13,529 | 15,896 |
| Accumulated losses | | (178,364) | (165,309) |
| Total equity | | 138,324 | 150,596 |

STATEMENT OF CHANGES IN EQUITY

| CONSOLIDATED | ISSUED CAPITAL \$'000 | RESERVES \$'000 | ACCUMULATED LOSSES \$'000 | TOTAL EQUITY \$'000 |
|--|-----------------------------|--------------------|---------------------------------|------------------------|
| Balance at 1 July 2022 | 252,486 | 69,521 | (132,721) | 189,286 |
| Loss after income tax benefit for the half-year | - | - | (19,945) | (19,945) |
| Other comprehensive income for the half-year, net of tax | - | 2,306 | - | 2,306 |
| Total comprehensive income for the half-year | - | 2,306 | (19,945) | (17,639) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments (note 18) | - | 5,291 | - | 5,291 |
| Exercise of options | 58,612 | (56,136) | - | 2,476 |
| Share-based payments - cancelled options | - | (193) | 193 | - |
| Share buy-back | (12,063) | - | - | (12,063) |
| Balance at 31 December 2022 | 299,035 | 20,789 | (152,473) | 167,351 |

| CONSOLIDATED | ISSUED CAPITAL \$'000 | RESERVES \$'000 | ACCUMULATED LOSSES \$'000 | TOTAL EQUITY \$'000 |
|--|-----------------------------|--------------------|---------------------------------|------------------------|
| Balance at 1 July 2023 | 300,009 | 15,896 | (165,309) | 150,596 |
| Loss after income tax expense for the half-year | - | - | (13,493) | (13,493) |
| Other comprehensive income for the half-year, net of tax | - | (145) | - | (145) |
| Total comprehensive income for the half-year | - | (145) | (13,493) | (13,638) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments (note 18) | - | 1,366 | - | 1,366 |
| Exercise of options | 3,150 | (3,150) | - | - |
| Share-based payments - cancelled options | - | (438) | 438 | - |
| Balance at 31 December 2023 | 303,159 | 13,529 | (178,364) | 138,324 |

STATEMENT OF CASH FLOWS

| | NOTE | Consolidated | |
|--|------|-----------------------|--|
| | | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 RESTATED ² |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 51,005 | 51,673 |
| Payments to suppliers and employees | | (56,226) | (61,485) |
| Interest received | | 2 | - |
| Movement in customer operational funds held | | 7,976 | 8,887 |
| Income taxes (paid)/refunded | | (347) | 102 |
| Net cash from/(used in) operating activities | | 2,410 | (823) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of business, net of cash acquired | 9 | - | (4,460) |
| Payments for property, plant and equipment | | (1,122) | (4,461) |
| Payments for intangibles | | (3,573) | (6,608) |
| Net cash used in investing activities | | (4,695) | (15,529) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 12 | - | 2,670 |
| Payments for share buy-back | 12 | - | (12,096) |
| Repayment of lease liabilities | | (1,360) | (1,125) |
| Net cash used in financing activities | | (1,360) | (10,551) |
| Net decrease in cash and cash equivalents | | (3,645) | (26,903) |
| Cash and cash equivalents at the beginning of the financial half-year | | 41,041 | 87,550 |
| Effects of exchange rate changes on cash and cash equivalents | | (917) | 305 |
| Cash and cash equivalents at the end of the financial half-year¹ | | 36,479 | 60,952 |

1. The cash balance includes customer funds held on deposit in relation to Global Tote and ADW operations ('restricted cash'). Excluding these amount, the Company's unrestricted cash balance as at 31 December 2023 was \$18,156,000 (31 December 2022 unrestricted cash balance: \$45,311,000).

2. Comparative information was restated to disclose Movement in customer operational funds held within Cash flows from operating activities (previously disclosed within Cash flows from investing activities).

NOTES TO THE FINANCIAL STATEMENTS

The following notes are an accompaniment to the Statements on the previous pages.

NOTE 1. GENERAL INFORMATION

The financial statements cover BetMakers Technology Group Ltd as a group consisting of BetMakers Technology Group Ltd (the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is BetMakers Technology Group Ltd's functional and presentation currency.

BetMakers Technology Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
189 Flinders Lane
Melbourne, VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2024.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as disclosed below.

INTERNALLY GENERATED INTANGIBLE ASSETS - SOFTWARE

Capitalised staff costs is stated at cost and is not amortised until it is ready for use. The costs are transferred to the relevant class of asset from the time the asset is held ready for use and is then subsequently amortised based on the class of asset. These costs have been capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Refer to note 9, for the additions of \$3,298,000 relating to internally generated intangible asset.

RECOVERABILITY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for tax losses and deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses, and that the Company continues to meet the Same Business Test and Similar Business Test rules as applicable. With changes to corporate tax rates in Australia in future financial years, there is judgement regarding the tax rate expected to apply when assets are recovered.

During the half-year, the Group incurred a net loss after tax of \$13,493,000 (2022: net loss of \$19,945,000) and net operating cash inflows of \$2,410,000 (2022: outflows of \$823,000). The Company has prepared cash flow forecasts as at 31 December 2023 to determine the recoverability of the Group's intangibles and deferred tax assets.

The key assumptions underlying these forecasts are as follows:

- Continuation of current revenues with further growth driven through international platform, API and embedded facebook markets;
- Launch and monetisation of existing customers contracted, but not yet completely 'live';
- Expansion of the Global Tote integrations and customer liquidity; and
- Sustained cost control to ensure the delivery of positive operating cash flows.

The Directors are confident of achieving these assumptions. Should the above assumptions not be realised, or there is a revised less favourable outlook on the timing or quantum of key assumptions, it is expected to result in impairment to the Group's intangible and deferred tax assets.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group during the financial half-year ended 31 December 2023 and are not expected to have any impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group operates in three segments; Global Betting Services, Global Tote, and corporate. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

During the half-year, the composition of the operating segments was realigned to better reflect how the Group's CODM assesses performance and allocates Group resources. As a result, the Global Racing Network was aggregated within the Global Betting Services segment. There was no change to the Global Tote segment. The new structure aligns the segment reporting with BetMakers' internal CODM reporting, ASX market releases and management reporting structure.

The Group has restated the previously reported segment information for the half-year ended 31 December 2023.

There are no intersegment transactions.

The information reported to the CODM is on at least a monthly basis. The financial information presented in these financial statements are the same as that presented to the CODM. Refer to note 4 for geographical information.

TYPES OF PRODUCTS AND SERVICES

The principal products and services of each of these operating segments are as follows:

GLOBAL BETTING SERVICES

The Group provides customers with a variety of racing software, data, and analytical tools. This includes basic race data such as pricing, runners and form, as well as analytical tools to consume and leverage the data, and wagering tools such as platforms and managed trading services. It also assists racing bodies and rights holders in producing and distributing race content. This includes services such as barrier technology, official price calculation, vision and pricing distribution.

GLOBAL TOTE

This includes the provision of tote software and integrations to facilitate tote liquidity and resulting.

NOTE 3. OPERATING SEGMENTS (CONTINUED)

OPERATING SEGMENT INFORMATION

| CONSOLIDATED - 31-DEC-2023 | GLOBAL BETTING SERVICES \$'000 | GLOBAL TOTE \$'000 | TOTAL \$'000 |
|--|---|--------------------------|-----------------|
| REVENUE | | | |
| Sales to external customers | 26,787 | 24,575 | 51,362 |
| Total revenue | 26,787 | 24,575 | 51,362 |
| SEGMENT RESULT | 5,024 | 4,051 | 9,075 |
| Depreciation and amortisation expense | (2,410) | (2,693) | (5,103) |
| Impairment of receivables | (5,092) | - | (5,092) |
| (Loss)/profit before income tax expense | (2,478) | 1,358 | (1,120) |
| UNALLOCATED SEGMENT RESULTS | | | (9,339) |
| Depreciation and amortisation expense | | | (233) |
| Net finance costs | | | (162) |
| Share-based payments expense | | | (1,366) |
| Foreign exchange loss | | | (668) |
| Loss before income tax expense | | | (12,888) |
| Income tax expense | | | (605) |
| Loss after income tax expense | | | (13,493) |
| ASSETS | | | |
| Segment assets | 53,380 | 51,097 | 104,477 |
| Unallocated assets | | | 78,959 |
| Total assets | | | 183,436 |
| LIABILITIES | | | |
| Segment liabilities | 12,182 | 23,724 | 35,906 |
| Unallocated liabilities | | | 9,206 |
| Total liabilities | | | 45,112 |

NOTE 3. OPERATING SEGMENTS (CONTINUED)

| CONSOLIDATED - 31-DEC-2022 - RESTATED ¹ | GLOBAL BETTING SERVICES \$'000 | GLOBAL TOTE \$'000 | TOTAL \$'000 |
|--|---|--------------------------|-----------------|
| REVENUE | | | |
| Sales to external customers | 25,375 | 21,366 | 46,741 |
| Total revenue | 25,375 | 21,366 | 46,741 |
| SEGMENT RESULT | | | |
| Depreciation and amortisation expense | 282 | (2,952) | (2,670) |
| Loss before income tax benefit | (1,919) | (2,667) | (4,586) |
| UNALLOCATED SEGMENT RESULTS | | | |
| Depreciation and amortisation expense | | | (12,973) |
| Finance costs | | | (233) |
| Share-based payments expense | | | (156) |
| Loss before income tax benefit | | | (5,291) |
| Income tax benefit | | | (25,909) |
| Loss after income tax benefit | | | 5,964 |
| | | | (19,945) |
| CONSOLIDATED - 30-JUN-2023 | | | |
| ASSETS | | | |
| Segment assets | 58,280 | 56,645 | 114,925 |
| Unallocated assets | | | 84,620 |
| Total assets | | | 199,545 |
| LIABILITIES | | | |
| Segment liabilities | 12,620 | 25,219 | 37,839 |
| Unallocated liabilities | | | 11,110 |
| Total liabilities | 12,620 | 25,219 | 48,949 |

1. Comparative information was adjusted to reflect the change in segments. Refer to the opening of this note for further details.

NOTE 4. REVENUE

| | Consolidated | |
|---------------------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 |
| Revenue from contracts with customers | 51,362 | 46,741 |

DISAGGREGATION OF REVENUE

The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|--------------------------------------|-----------------------|-----------------------------------|
| | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 RESTATED |
| MAJOR PRODUCT/SERVICES LINES | | |
| Global Betting Services ¹ | 26,787 | 25,375 |
| Global Tote | 24,575 | 21,366 |
| | 51,362 | 46,741 |
| GEOGRAPHICAL REGIONS | | |
| Australia and New Zealand | 18,655 | 21,069 |
| United States of America | 19,319 | 17,165 |
| United Kingdom and Europe | 6,334 | 5,083 |
| Rest of the world | 7,054 | 3,424 |
| | 51,362 | 46,741 |
| TIMING OF REVENUE RECOGNITION | | |
| Transferred at a point in time | 47,705 | 43,366 |
| Transferred over time | 3,657 | 3,375 |
| | 51,362 | 46,741 |

1. *Comparative information was adjusted to reflect the change in segments. Refer to note 3 for further details.

NOTE 5. EXPENSES

| | Consolidated | |
|---|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 |
| Loss before income tax includes the following specific expenses: | | |
| DEPRECIATION | | |
| Leasehold improvements | 50 | 50 |
| Plant and equipment | 1,336 | 901 |
| Computer equipment | 120 | 134 |
| Furniture and fittings | 49 | 44 |
| Right-of-use assets | 792 | 694 |
| Total depreciation | 2,347 | 1,823 |
| AMORTISATION | | |
| Software | 2,522 | 2,458 |
| Intellectual property | 131 | 205 |
| Customer contracts | 336 | 333 |
| Total amortisation | 2,989 | 2,996 |
| Total depreciation and amortisation | 5,336 | 4,819 |
| IMPAIRMENT | | |
| Receivables (note 6) | 5,092 | - |
| EMPLOYEE BENEFITS | | |
| Employee benefits expense excluding superannuation | 22,950 | 32,341 |
| Defined contribution superannuation expense | 1,700 | 1,669 |
| Total employee benefits | 24,650 | 34,010 |
| FINANCE COSTS | | |
| Interest and finance charges paid/payable on borrowings to external parties | 48 | - |
| Interest and finance charges paid/payable on lease liabilities | 136 | 209 |
| Other finance costs | (20) | 158 |
| Finance costs expended | 164 | 367 |

NOTE 6. TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|--|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| CURRENT ASSETS | | |
| Trade receivables | 17,790 | 15,447 |
| Less: Allowance for expected credit losses | (7,097) | (1,626) |
| | 10,693 | 13,821 |
| Other receivables | 4,861 | 13,135 |
| Rental bonds | 484 | 488 |
| Goods and services tax ('GST') receivable | 144 | 198 |
| | 5,489 | 13,821 |
| | 16,182 | 27,642 |
| NON-CURRENT ASSETS | | |
| Employee Share Loan receivable | 772 | 772 |
| Less: Allowance for expected credit losses | (772) | (772) |
| | - | - |
| | 16,182 | 27,642 |

Employee Share Loans were extended to select employees in March 2015 for the purpose of purchasing shares in OM Group Holdings (the parent entity prior to IPO). The loans are repayable upon receipt of dividends or sale of shares.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group has recognised an expense of \$5,092,000 (31 December 2022: \$nil) in the profit or loss in respect of the expected credit losses for the period ended 31 December 2023. The amount relates to two customers and reflects the Company's assessment of the outstanding balances as at 31 December 2023. The Company remains in discussions with both customers and is exploring recovery of the outstanding amounts.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated | |
|----------------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| NON-CURRENT ASSETS | | |
| Leasehold improvements - at cost | 499 | 499 |
| Less: Accumulated depreciation | (211) | (161) |
| | 288 | 338 |
| Plant and equipment - at cost | 31,323 | 31,338 |
| Less: Accumulated depreciation | (5,150) | (3,815) |
| | 26,173 | 27,523 |
| Computer equipment - at cost | 821 | 798 |
| Less: Accumulated depreciation | (551) | (431) |
| | 270 | 367 |
| Furniture and fittings - at cost | 310 | 309 |
| Less: Accumulated depreciation | (219) | (172) |
| | 91 | 137 |
| | 26,822 | 28,365 |

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| CONSOLIDATED | LEASEHOLD IMPROVEMENTS \$'000 | PLANT & EQUIPMENT \$'000 | COMPUTER EQUIPMENT \$'000 | FURNITURE & FITTINGS \$'000 | TOTAL \$'000 |
|------------------------------------|-------------------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------|
| Balance at 1 July 2023 | 338 | 27,523 | 367 | 137 | 28,365 |
| Additions | - | 252 | 24 | - | 276 |
| Disposals | - | (16) | - | (3) | (19) |
| Exchange differences | - | (250) | (1) | 6 | (245) |
| Depreciation expense | (50) | (1,336) | (120) | (49) | (1,555) |
| Balance at 31 December 2023 | 288 | 26,173 | 270 | 91 | 26,822 |

NOTE 8. RIGHT-OF-USE ASSETS

| | Consolidated | |
|-----------------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| NON-CURRENT ASSETS | | |
| Land and buildings - right-of-use | 6,590 | 6,565 |
| Equipment - right-of-use | 52 | 57 |
| Less: Accumulated depreciation | (2,982) | (2,291) |
| | 3,660 | 4,331 |

The Group leases land and buildings for its offices of between 2 to 5 years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| | RIGHT-OF-USE ASSETS \$'000 |
|------------------------------------|-------------------------------|
| Balance at 1 July 2023 | 4,331 |
| Remeasurements | 120 |
| Exchange differences | 1 |
| Depreciation expense | (792) |
| Balance at 31 December 2023 | 3,660 |

NOTE 9. INTANGIBLES ASSETS

| | Consolidated | |
|---------------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| NON-CURRENT ASSETS | | |
| Goodwill - at cost | 32,564 | 32,564 |
| Less: Impairment | (1,802) | (1,802) |
| | 30,762 | 30,762 |
| Intellectual property - at cost | 11,447 | 11,447 |
| Less: Accumulated amortisation | (548) | (417) |
| Less: Impairment | (8,870) | (8,870) |
| | 2,029 | 2,160 |
| Customer contracts - at cost | 10,000 | 10,000 |
| Less: Accumulated amortisation | (1,670) | (1,334) |
| | 8,330 | 8,666 |
| Software - at cost | 34,106 | 30,808 |
| Less: Accumulated amortisation | (18,122) | (15,690) |
| | 15,984 | 15,118 |
| | 57,105 | 56,706 |

NOTE 9. INTANGIBLES ASSETS (CONTINUED)

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| CONSOLIDATED | GOODWILL \$'000 | INTELLECTUAL PROPERTY \$'000 | CUSTOMER CONTRACTS \$'000 | SOFTWARE \$'000 | TOTAL \$'000 |
|------------------------------------|--------------------|------------------------------------|---------------------------------|--------------------|-----------------|
| Balance at 1 July 2023 | 30,762 | 2,160 | 8,666 | 15,118 | 56,706 |
| Additions | - | - | - | 3,298 | 3,298 |
| Exchange differences | - | - | - | 90 | 90 |
| Amortisation expense | - | (131) | (336) | (2,522) | (2,989) |
| Balance at 31 December 2023 | 30,762 | 2,029 | 8,330 | 15,984 | 57,105 |

IMPAIRMENT OF ASSETS AND ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS ('CGUs'), TIMING AND INDICATORS FOR IMPAIRMENT TESTING

At each reporting period, an assessment of the carrying value of non-current assets is performed. AASB 136: Impairment of Assets, requires an entity to perform a detailed recoverable amount assessment for an asset when any of the following impairment indicators are present:

- There are observable indications that an asset's value has declined during the period more than that which would be expected as a result of the passage of time or normal use;
- Technological, market, economic, or legal environment in which the entity operates has changed or will change with adverse impact on the entity;
- Market interest rates or other market rates of return on investments have increased during the period and are likely to have an impact on discount rates;
- Carrying amount of the net assets of the entity is more than its market capitalisation;
- Significant changes with an adverse impact on the entity have taken place during the period impacting the manner or extent to which an asset is used or expected to be used (restructure etc.);
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

In addition to the above, goodwill and indefinite life intangible assets (whether in-use or not ready for-use) must be tested, at least annually, for impairment. However, management performed impairment testing at the half-year ended 31 December 2023.

In order to identify an impairment loss, management assessed if there was a relevant indicator or indicators of impairment, after considering the detailed list of indicators outlined above. As a result of this review, management considered that there were possible impairment indicators. For example, the Group's net asset value exceeds its market capitalisation at 31 December 2023.

As a result of identifying at least one indicator, management calculated the value-in-use of the CGUs to determine the CGU's recoverable amount. Value-in-use is defined as the present value of the future cash flows expected to be derived from the CGU's continuing use. This was then compared to the CGU's carrying value, and management concluded that based on the assumptions made, the CGU's recoverable amounts exceeds the carrying value, and therefore each CGU does not result in a quantifiable impairment loss at 31 December 2023.

NOTE 9. INTANGIBLES ASSETS (CONTINUED)

The goodwill was allocated to the following CGUs:

| | Consolidated | |
|-------------------------|-----------------------|-----------------------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 RESTATED |
| Global Betting Services | 16,596 | 16,596 |
| Global Tote | 14,166 | 14,166 |
| | 30,762 | 30,762 |

KEY ASSUMPTIONS:

- The change in composition of operating segments impacted the Group's internal reporting structure and the level at which performance and goodwill is monitored. This has resulted in a change to the manner in which impairment testing of goodwill has been performed.
- The Group has reassessed its CGUs from three previously to two in the current reporting period. The CGUs are defined on a consistent basis with its operating segments.
- Terminal growth rates used are either in line with or do not exceed the forecast long term underlying growth rate in the Consumer Price Index.
- Growth rates used to underpin cash flows are either in line with or do not exceed the long term average growth rates for the industry in which the CGUs operate in unless otherwise justified.
- Discount rates applied are based on the pre-tax weighted average costs of capital applicable to the relevant CGU.

GLOBAL BETTING SERVICES (GBS) CGU:

The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted future cash flows to be generated from the continuing use of the CGU. The discounted future cash flows are based on a 5-year projection period approved by the Board, together with a terminal value.

The following key assumptions were used in the discounted cash flow model for the GBS CGU:

- Revenue has been determined based on leveraging existing technologies and the embedded racing solution in international markets.
- Revenue has been derived based on effective management of its existing key customer contracts.
- No significant adverse changes to the current operating cost base.
- Based on the above, the recoverable amount of the GBS CGU exceeded the carrying amount by \$24.2 million.

| | Consolidated | |
|-------------------------|--------------|-------------------------|
| | 31-DEC-2023 | 30-JUN-2023 RESTATED |
| Discount rate (pre-tax) | 12.9% | 12.5% |
| Terminal growth rate | 2.5% | 2.5% |

SENSITIVITY

The Directors have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting goodwill carrying amount of these assets may decrease.

NOTE 9. INTANGIBLES ASSETS (CONTINUED)

The sensitivities are as follows:

| | Change required for carrying amount to equal recoverable amount | |
|---------------------------|---|-------------------------|
| | 31-DEC-2023 | 30-JUN-2023 RESTATED |
| Decrease in Revenue | 3.9% | 7.0% |
| Increase to Discount rate | 4.6% | 6.5% |

Changes in the key assumptions on which the recoverable amount of GBS CGU goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this could result in a further impairment charge for the GBS CGU goodwill.

No impairment charges were identified for the half-year ended 31 December 2023.

GLOBAL TOTE (GT) CGU:

The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted future cash flows to be generated from the continuing use of the CGU. The discounted future cash flows are based on a 5-year projection period approved by the Board, together with a terminal value.

The following key assumptions were used in the discounted cash flow model for the GT CGU:

- Revenue has been derived based on effective management of its existing key customer contracts.
- Delivering on current contracted tote customers such as Rikstoto and Caesars.
- No significant adverse changes to the current operating cost base.
- Based on the above, the recoverable amount of the GT CGU exceeded the carrying amount by \$121.6 million.

| | Consolidated | |
|-------------------------|--------------|-------------|
| | 31-DEC-2023 | 30-JUN-2023 |
| Discount rate (pre-tax) | 12.9% | 12.5% |
| Terminal growth rate | 2.5% | 2.5% |

SENSITIVITY

The Directors have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting goodwill carrying amount of these assets may decrease.

The sensitivities are as follows:

| | Change required for carrying amount to equal recoverable amount | |
|---------------------------|---|-------------|
| | 31-DEC-2023 | 30-JUN-2023 |
| Decrease in Revenue | 20.4% | 18.0% |
| Increase to Discount rate | 37.2% | 34.0% |

Changes in the key assumptions on which the recoverable amount of GT CGU goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this could result in a further impairment charge for the GT CGU goodwill.

No impairment charges were identified for the half-year ended 31 December 2023.

NOTE 10. TRADE AND OTHER PAYABLES

| | Consolidated | |
|--|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| CURRENT LIABILITIES | | |
| Trade payables | 5,219 | 4,069 |
| Accrued expenses | 8,028 | 12,343 |
| Goods and services tax ('GST') payable | 368 | 242 |
| Other payables | 19,589 | 18,425 |
| | 33,204 | 35,079 |

NOTE 11. OTHER FINANCIAL LIABILITIES

| | Consolidated | |
|----------------------------|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 30-JUN-2023 \$'000 |
| CURRENT LIABILITIES | | |
| Contingent consideration | 3,250 | 3,500 |

CONTINGENT CONSIDERATION

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. This balance represents the estimated deferred settlement payable for the assets (intellectual property) from the Form Cruncher (\$0.25 million current liability contingent on revenue targets) and Punting Form (\$3 million current liability contingent on meeting operational targets) acquisitions.

Management have assessed the Punting Form operational targets at 31 December 2023; the only target which is probable and can be measured reliably is the \$3 million payable on the successful roll out of the technology to the US.

Refer to note 14 for further information on fair value measurement.

NOTE 12. ISSUED CAPITAL

| | Consolidated | | | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31-DEC-23 SHARES | 30-JUN-23 SHARES | 31-DEC-23 \$'000 | 30-JUN-23 \$'000 |
| Ordinary shares - fully paid | 948,261,674 | 943,541,600 | 303,159 | 300,009 |

MOVEMENTS IN ORDINARY SHARE CAPITAL

| DETAILS | DATE | SHARES | ISSUE PRICE | \$'000 |
|---------------------|--------------------|--------------------|-------------|----------------|
| Balance | 1 July 2023 | 943,541,600 | | 300,009 |
| Exercise of options | 6 October 2023 | 4,720,074 | \$0.090 | 3,150 |
| Total | | 948,261,674 | | 303,159 |

ORDINARY SHARES

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 13. DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

NOTE 14. FAIR VALUE MEASUREMENT

FAIR VALUE HIERARCHY

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

LEVEL 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

LEVEL 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

LEVEL 3 Unobservable inputs for the asset or liability.

| CONSOLIDATED - 31-DEC-23 | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 | TOTAL \$'000 |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|
| ASSETS | | | | |
| Defined benefits asset | - | 773 | - | 773 |
| Total assets | - | 773 | - | 773 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Contingent consideration (note 11) | - | - | 3,250 | 3,250 |
| Total liabilities | - | - | 3,250 | 3,250 |

| CONSOLIDATED - 30-JUN-23 | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 | TOTAL \$'000 |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|
| ASSETS | | | | |
| Defined benefits asset | - | 792 | - | 792 |
| Total assets | - | 792 | - | 792 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Contingent consideration (note 11) | - | - | 3,500 | 3,500 |
| Total liabilities | - | - | 3,500 | 3,500 |

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

VALUATION TECHNIQUES FOR FAIR VALUE MEASUREMENTS CATEGORISED WITHIN LEVEL 2 AND LEVEL 3

Due to the nature of contingent consideration and deferred consideration, it has been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the Group's incremental borrowing rate.

NOTE 14. FAIR VALUE MEASUREMENT (CONTINUED)

LEVEL 3 ASSETS AND LIABILITIES

Movements in Level 3 assets and liabilities during the current financial half-year are set out below:

| CONSOLIDATED | TOTAL \$'000 |
|------------------------------------|-----------------|
| Balance at 1 July 2023 | 3,500 |
| Payments | (250) |
| Balance at 31 December 2023 | 3,250 |

NOTE 15. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2023.

NOTE 16. RELATED PARTY TRANSACTIONS

PARENT ENTITY

BetMakers Technology Group Ltd is the parent entity.

TRANSACTIONS WITH RELATED PARTIES

During the period, the Company paid \$nil (2022: nil) to an associated party of one of the Directors for reimbursement of reasonable out-of-pocket expenses in dealing with the Company's business.

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

LOANS TO/FROM RELATED PARTIES

Loans with related parties of \$215,848 have been fully provided for as at 30 June 2023 and remain unchanged at 31 December 2023. Refer to note 6 'Trade and other receivables' for further details.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

As detailed in note 6, the Group issued Employee Share Loans in March 2015. Those loans are repayable upon payment of a dividend or upon share sale.

NOTE 17. LOSS PER SHARE

| | Consolidated | |
|--|-----------------------|-----------------------|
| | 31-DEC-2023 \$'000 | 31-DEC-2022 \$'000 |
| Loss after income tax attributable to the owners of BetMakers Technology Group Ltd | (13,493) | (19,945) |

| | NUMBER | NUMBER |
|---|-------------|-------------|
| Weighted average number of ordinary shares used in calculating basic loss per share | 945,761,310 | 924,386,219 |
| Weighted average number of ordinary shares used in calculating diluted loss per share | 945,761,310 | 924,386,219 |

| | CENTS | CENTS |
|------------------------|--------|--------|
| Basic loss per share | (1.43) | (2.16) |
| Diluted loss per share | (1.43) | (2.16) |

NOTE 17. LOSS PER SHARE (CONTINUED)

Nil (2022: 34,050,000) options, 29,529,168 (2022: 73,250,000) performance rights and 302,347 (2022: 610,951) service rights over ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive for the half-year ended 31 December 2023. These performance and service rights could potentially dilute basic loss per share in the future.

NOTE 18. SHARE-BASED PAYMENTS

Shares are granted under the Long Term Incentive Plan ('LTIP'), which has been established by the Group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price and performance conditions) and/or service rights (options with a zero exercise price and only service conditions) to eligible participants ('awards'). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant. The vesting of the options are contingent upon various Company performance and term-of-service metrics.

The share-based payment expense for the options, performance rights and service rights during the period was recognised in profit or loss of \$1,366,000 (2022: \$5,291,000).

OPTIONS

Options are issued to employees under the Company's LTIP, vesting upon the achievement of performance and term-of-service related criteria.

Set out below are summaries of options under the plan:

| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
|--|----------------------|--|----------------------|--|
| | 31-DEC-23 | 31-DEC-23 | 31-DEC-22 | 31-DEC-22 |
| Outstanding at the beginning of the financial half-year | 2,050,000 | \$0.000 | 45,200,000 | \$0.108 |
| Exercised | - | \$0.000 | (11,150,000) | \$0.060 |
| Expired | (2,050,000) | \$0.000 | - | \$0.000 |
| Outstanding at the end of the financial half-year | - | \$0.000 | 34,050,000 | \$0.165 |
| Exercisable at the end of the financial half-year | - | \$0.000 | 34,050,000 | \$0.165 |

PERFORMANCE RIGHTS

Performance rights are issued to employees under the Company's LTIP for nil consideration, vesting upon the achievement of performance and term-of-service related criteria. At 31 December 2023, 18,750,000 of the performance rights on issue are held by key management and staff.

Set out below are summaries of performance rights under the plan:

| | NUMBER OF PERFORMANCE RIGHTS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF PERFORMANCE RIGHTS | WEIGHTED AVERAGE EXERCISE PRICE |
|--|------------------------------------|--|------------------------------------|--|
| | 31-DEC-23 | 31-DEC-23 | 31-DEC-22 | 31-DEC-22 |
| Outstanding at the beginning of the financial half-year | 34,154,168 | \$0.000 | 118,650,002 | \$0.000 |
| Granted | 258,695 | \$0.000 | - | \$0.000 |
| Exercised | (4,883,695) | \$0.000 | (44,900,001) | \$0.000 |
| Cancelled | - | \$0.000 | (500,001) | \$0.000 |
| Outstanding at the end of the financial half-year | 29,529,168 | | 73,250,000 | |

NOTE 18. SHARE-BASED PAYMENTS (CONTINUED)

SERVICE RIGHTS

Service rights are issued to Directors under the Company's LTIP for nil consideration, vesting upon the achievement of service and term-of-service related criteria.

Set out below are summaries of service rights granted under the plan:

| | NUMBER OF SERVICE RIGHTS 31-DEC-23 | WEIGHTED AVERAGE EXERCISE PRICE 31-DEC-23 | NUMBER OF SERVICE RIGHTS 31-DEC-22 | WEIGHTED AVERAGE EXERCISE PRICE 31-DEC-22 |
|---|---------------------------------------|--|---------------------------------------|--|
| Outstanding at the beginning of the financial half-year | 455,084 | \$0.000 | 610,951 | \$0.000 |
| Exercised | (152,737) | \$0.000 | - | \$0.000 |
| Outstanding at the end of the financial half-year | 302,347 | | 610,951 | |

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| GRANT DATE | EXPIRY DATE | SHARE PRICE AT GRANT DATE | EXERCISE PRICE | EXPECTED VOLATILITY | DIVIDEND YIELD | RISK-FREE INTEREST RATE | FAIR VALUE AT GRANT DATE |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 06-Oct-23 | 06-Oct-23 | \$0.090 | \$0.000 | - | - | - | \$0.000 |
| 06-Oct-23 | 14-Aug-24 | \$0.090 | \$0.000 | - | - | - | \$0.000 |
| 06-Oct-23 | 14-Aug-25 | \$0.090 | \$0.000 | - | - | - | \$0.000 |

NOTE 19. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Matt Davey
Chairman

Date: 28 February 2024
Melbourne

INDEPENDENT AUDITOR'S REPORT

The following pages contain the Independent Auditor's Review Report.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BETMAKERS TECHNOLOGY GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BetMakers Technology Group Limited (the "consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BetMakers Technology Group Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of BetMakers Technology Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'PKF' in black ink.

PKF

A handwritten signature in black ink that reads 'P. Pearman'.

PAUL PEARMAN
PARTNER

28 FEBRUARY 2024
SYDNEY, NSW

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BetMakers Technology Group creates technology and service solutions that simplify betting at critical points along the wagering life cycle, unlocking new revenue streams, expanding markets, and enhancing the user experience. A leading international provider of wagering technology, data, content, and service solutions, BetMakers provides licensed bookmakers, pari-mutuel wagering operators, and racing bodies in over thirty countries with the tools to power growth through its Global Betting Services and Global Tote business lines.

For more about BetMakers, visit www.betmakers.com.