

29 July 2024

International growth continues; focus on operational efficiency and technology enhancements

Q4 FY24 QUARTERLY ACTIVITIES REPORT

BetMakers Technology Group Ltd (**ASX:BET**) (**BetMakers** or the **Company**) is pleased to provide this activity report for the quarter ended 30 June 2024 (**Q4 FY24**), along with the Company's Appendix 4C cash flow report. All amounts disclosed herein are unaudited and are denoted in AUD unless otherwise stated.

Q4 FY24 highlights

- **International operations continue growing in profitability, driven by an expanded product offering and benefits from technology investment**
 - Signed a two-year market access and content agreement with Bet365 for New Jersey and Colorado¹.
 - Strategic acquisition of Racelab Global Assets, a leading international supplier of enhanced racing wagering products and technology²; showing very positive early signs.
 - Kambi B2B Price Manager deal signed and live.
 - Caesars agreement roll-out has progressed well, with embedded tote solution now live in 22 Nevada venues, as well as being live in Nebraska and Iowa Caesars owned properties.
 - Norway tote system in final testing stages with a 10-year agreement in place³. The parties are working towards a go-live date in Q2 FY25.
 - The Global Tote division continues to perform well with opportunities for further growth and improved profitability in FY25.
 - Discussions are ongoing with new customers regarding BetMakers embedded racing solutions and API products.
- **Technology platform continues to be streamlined and enhanced with focus on upgrades and efficiency**
 - Development of the Next Gen embedded racebook and betting platform are progressing, with the Company working towards going live within Q1 of FY2025.
 - The Delta Fusor consumption and normalisation racing data engine has been delivered and is now in production. This is an upgrade and replacement to the original Global Betting Services engine purchased in 2018. The rebuild of this engine has resulted in an upgrade of client services.

¹ See announcement dated 3 June 2024 for further details.

² See announcement dated 11 April 2024 for further details.

³ See announcement dated 23 May 2022 for further details.



- BetMakers continues preparing for the final Betr migration off platform⁴. As previously disclosed, revenues are expected to be impacted in FY25 as a result of this transition, however, the Company anticipates further efficiencies in cloud and operating costs as a result of the finalisation of the Betr arrangements.
- Completed the build and rolled out a material upgrade to Global Betting Services' flagship product, Price Manager, which is the market leading software for fixed odds price generation.
- **Restructure program delivering results; adjusted Q4 FY24 positive operating cash flow of \$229k and staff costs down 19.5% vs Q4 FY23**
 - Cash receipts of \$25.7 million, up 3.3% on the prior comparative period (Q4 FY23) ("pcp"), but down 6.8% on the previous quarter (Q3 FY23) ("QoQ"). The lower cash receipts vs Q3 related primarily to differences in the amounts received from Betr.
 - COGS were down 21.2% on pcp as a result of reductions in cloud costs, efficiencies in the Global Tote division as well as a timing impact in relation to the payment of the minimum guarantee to New Jersey. This resulted in an improvement in gross margin from 51.1% to 55.2% vs pcp.
 - Staff costs down 19.5% on pcp, reflecting management's initiatives to reduce operating expenses.
 - Q4 FY24 delivered net operating cash outflow of \$487k, however, excluding two one-off expenses results in adjusted positive operating cash flow of \$229k.
- **Australian wagering market customers continued to experience soft trading conditions in Q4 impacting revenue, however, Next Gen platform roll-out expected to commence in Q1 FY25**
 - Soft Australian trading results have again impacted revenue, however, the rollout of the Next Gen platform is expected to begin in Q1 FY25.
 - The Next Gen platform will provide BetMakers' Australian managed trading services' customers with an upgraded and enhanced platform – offering users increased speed, an upgraded and modern user experience and a host of new features. It is also expected to deliver improved cloud and operating efficiency for BetMakers due to its multi-tenant architecture.
- **Positioned well for FY25 with continued focus on cost discipline and gross margin improvement**
 - Full year FY24 revenue was \$96.2 million, up 1.2% year on year ("YoY"); excluding any revenue associated with Betr, revenue increased 3.8% YoY, driven primarily by growth in the Global Tote division.
 - FY24 adjusted EBITDA loss of \$7.3 million (excluding any impact of impairments or share based payment expenses), significantly improved on FY23 loss of \$27.8 million.
 - Total costs (i.e. cost of goods sold plus all operating expenses including capitalised costs) was \$109.8 million for the year.
 - Staff costs have reduced YoY to \$52.7m in FY24 from \$62.4m in FY23.
 - Focus to continue on initiatives that can deliver improved gross margins and reduced operating costs in FY25.
 - Further commentary in relation to the full year result and outlook will be provided with the release of the audited financials in late August.
- **Closing cash balance at 30 June 2024 of \$29.4 million, of which \$14.8 million is unrestricted**

⁴ See announcement dated 11 April 2024 for further details.



Commenting on Q4 FY24, Executive Chair, Matt Davey said, *“We are encouraged with the progress in our international operations, which we expect to contribute to the long-term growth of the BetMakers business.*

“In addition, we are continuing to execute on our turnaround strategy of enhanced operating discipline with the tightening of our operating expenses, with a focus on higher margins and profitability. The work our team has done in this area means we expect to see margin improvement in FY25.

“On the other hand, performance in the Australian market has been subdued, which is impacting our revenue and cash generation. The rollout of the NexGen platform is expected to significantly improve operations in Australia, both from a product leadership perspective and in terms of profitability, and we are hopeful to launch this in the coming months.

“There is substantial progress being made across the entire business, from partnerships and new customers to operating efficiencies to lower the cost base. We expect to see benefits of this increased operating leverage in FY25 and beyond.”

OPERATIONAL UPDATE

Bet365 market access and content agreements for New Jersey and Colorado

On 3 June 2024, BetMakers announced that it signed two-year market access and content agreements with bet365 relating to New Jersey and Colorado.

Under the agreements, bet365 will be licensed by BetMakers to offer fixed odds bets on thoroughbred horse racing to bet365 customers within New Jersey. Bet365 will also be licensed to distribute BetMakers’ thoroughbred racing content to bet365 customers in New Jersey and both thoroughbred and harness racing in Colorado. Bet365 will pay BetMakers a ‘Market Access Fee’ based on a percentage of all fixed odds bets placed in New Jersey on all thoroughbred racing events it offers to its customers and a ‘Content Fee’ based on a percentage of all fixed odds bets placed in New Jersey and Colorado on applicable BetMakers Global Racing Network content.

Racelab Global acquisition

Racelab Global was a highly strategic acquisition for BetMakers, adding leading race form, preview, and statistics technology to the BetMakers ecosystem, as well as proprietary fixed odds pricing technology and associated algorithms. The acquisition also offers potential for BetMakers to further expand its services in the harness and greyhound form and preview racing sectors and bring new customers to BetMakers.

The integration of these assets into the BetMakers ecosystem is progressing well with three wagering operators and existing customers agreeing to add in the product since the acquisition was completed.



Caesars Entertainment & Norway Update

The Caesars roll-out is progressing well, with the BetMakers' embedded tote solution now live in more than 20 Nevada venues, and the parties are working to roll out the solution in further venues by the end of Q2 FY25. The venues in the state of Iowa as well as Nebraska are also live, and discussions are taking place around roll-outs in other states.

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

Appointment of New Chief Financial Officer

On 17 June 2024, BetMakers announced the appointment of Mr Carl Henschke as Chief Financial Officer, effective 1 July 2024.

Mr Henschke brings over 17 years of experience in financial services, capital markets and legal sectors to BetMakers. He began his career as a solicitor in the corporate team at Herbert Smith Freehills, and for the past decade, he has worked as an investment banker. Most recently he served as Managing Director at Canaccord Genuity, focusing on software and digital businesses, including those in the wagering and betting sector. Mr Henschke's expertise encompasses financial planning and analysis, strategy, capital management and M&A.

QUARTERLY FINANCIAL UPDATE

Cash flow

FY24 cash receipts were \$25.7 million, up 3.3% on pcp, but down 6.8% QoQ. The lower cash receipts vs Q3 related primarily to differences in the amounts received from Betr.

Product and operating costs of \$9.7 million were up by 19.6% on pcp, reflecting additional content and revenue share costs that were not incurred in the same period in FY23. However, product and operating costs were in line with Q3 FY24 (also \$9.7 million).

Q4 FY24 delivered net operating cash outflow of \$487k, however, this included two one-off expenses. Adjusting for these costs produced positive operating cash flows of \$229k for the quarter. This was a significant improvement from pcp, where the net operating cash outflow was \$3.0 million.

Total cash on hand was \$29.4 million as of 30 June 2024, of which \$14.9 million was unrestricted.

A payment of \$2.9 million (in relation to the minimum guarantee to Darby Development and the New Jersey horsemen in relation to US Fixed Odds) was made in July 2024. This will be reflected in the quarterly cash flow statement for period ending 30 September 2024.



The Company paid Directors \$146,000 for services during Q4 FY24. This included payment to the President/Executive Chairman for employment services.

Reconciliation of Profit & Loss to Operating Cash Flows

The below table shows the underlying Profit & Loss performance for Q4 FY24, and the reconciliation to the operating cash flow:

AUD'000	P&L		Variance	
	Q4 FY23	Q4 FY24	\$	%
Revenue	24,998	22,487	(2,511)	-11.2%
COGS	(12,221)	(10,085)	2,136	-21.2%
GP	12,777	12,401	(375)	-3.0%
	51.1%	55.2%		
Staff Costs	(15,267)	(12,502)	2,765	-22.1%
Capitalised Staff Costs	-	1,457	1,457	100.0%
Overheads	(5,849)	(5,089)	760	-14.9%
Adjusted EBITDA ¹	(8,339)	(3,732)	4,607	-123.4%

Reconciliation to net operating cash flow:

Capitalised staff costs	-	(1,457)
Monmouth Park MG	2,900	1,701
Severance payments	651	565
Annual Vendor Payments	919	511
Debt Recovery	-	352
Other	826	1,574
Net Cash from operating activities	(3,044)	(487)

¹: Excludes provision for doubtful debts, and share based payments expense

Revenue of \$22.5 million for the quarter was down 11.2% on pcp (but was only 3.9% down QoQ). The decrease was due mainly to the soft performance of the Australian managed trading services division.

COGS were down 21.2% on pcp, reflecting reductions in cloud costs, efficiencies in the Global Tote division as well as a timing impact in relation to the payment of the minimum guarantee to New Jersey. This resulted in an improvement in gross margin to 55.2%, compared to 51.1% in the pcp.

Staff costs were also down materially from \$15.2 million to \$12.5 million vs pcp, driven by a material reduction in headcount (average headcount in Q4 FY23 was 485 vs 387 in Q4 FY24).

As a result of the reduction in costs, the Adjusted EBITDA loss for the quarter of \$3.7 million was a material improvement compared to pcp (\$8.4 million loss).



FULL YEAR FINANCIAL UPDATE - UNAUDITED RESULTS

Based on unaudited financial results, FY24 revenue was \$96.2 million, up 1.2% on FY23. Excluding any contribution from Betr during FY23 and FY24, revenue was up 3.8%.

Adjusted EBITDA for the full year was approximately a \$7.3 million loss (excluding any impact of impairments or share based payment expenses) vs a \$27.8 million loss for FY23, representing a YoY improvement of 73.7%.

Staff costs have reduced YoY to \$52.7 million in FY24 from \$62.4 million FY23.

BetMakers intends to continue its focus on further reducing its operating cost base and improving gross margins.

Further commentary in relation to the full year result and outlook will be provided with the release of the audited financials in late August.

OUTLOOK

Commenting on the outlook, Chief Executive Officer, Jake Henson said, *“We have continued to make significant progress on our path to seeing improved operating leverage and margins. The soft Australian market conditions continue to impact us, however, we are working on the release of our Next Gen platform which is designed to greatly improve our customers’ offerings within that marketplace.*

“As I look at the BetMakers business today, I can see the significant investments in the development of our technology and integration of key assets such as Punting Form and Racelab really starting to shine through. We’ve just released significant upgrades to the products that serve our DNA segment in DeltaFusor and Price Manager, our Next Gen platform solution is nearing completion for both end-to-end and embedded customers alike and our Global Tote customers are benefiting from the significant investment put into our Betline terminal range and our field operating model. With these market leading pieces of technology entering the fold, we are focused on our strategy which is designed to grow our global revenues and international customer base, and I look forward to our opportunities in FY25.”

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

For further information please contact:

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Disclaimer

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

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

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

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

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

Appendix 4C

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

Name of entity

BetMakers Technology Group Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	25,650	104,179
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,752)	(41,546)
(c) advertising and marketing	(122)	(647)
(d) leased assets	(654)	(2,685)
(e) staff costs	(12,736)	(54,718)
(f) administration and corporate costs	(2,856)	(13,901)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(17)	(364)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(487)	(9,679)

1.1 Recovery of \$2.5 million from Betr during the quarter.

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

1.2 (e) includes ~\$0.5 million in payments related to strategic restructuring, leave costs incurred.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(2,461)	(3,236)
(c) property, plant and equipment	(482)	(1,889)
(d) investments	-	-
(e) intellectual property / content rights	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	3,390	3,854
2.6 Net cash from / (used in) investing activities	447	(1,271)

2.1 (b) Final payment to Punting Form post satisfaction of Special event and the acquisition of the Racelab assets

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

2.5 Predominantly relates to the movement in customer funds held customer funds on deposit in relation to Global Tote Hub and ADW operations. The restricted cash balance at 30 June 2024 was \$14.5 million.

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

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

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30,045	41,041
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(487)	(9,679)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	447	(1,271)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(668)	(754)
4.6	Cash and cash equivalents at end of period	29,337	29,337

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	29,337	30,045
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	29,337	30,045

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6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
146
-

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

6.1 Relates to amounts paid to directors for services during Q4 FY24. This includes payments to Matt Davey for employment services in his role as President and Executive Chairman.

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 Unused financing facilities available at quarter end

-

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

8. Estimated cash available for future operating activities

- 8.1 Net cash from / (used in) operating activities (Item 1.9)
- 8.2 Cash and cash equivalents at quarter end (Item 4.6)
- 8.3 Unused finance facilities available at quarter end (Item 7.5)
- 8.4 Total available funding (Item 8.2 + Item 8.3)
- 8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

\$A'000
(487)
29,337
-
29,337
60.2

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

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

Answer: n/a

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

Answer: n/a

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

Answer: n/a

Compliance statement

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

Date: 29 July 2024.....

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

Notes

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