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31 January 2025

BetMakers' transformation strategy moves into growth phase as adjusted EBITDA improves 69% and operating cash-flow improves 43% QonQ

Q2 FY25 QUARTERLY ACTIVITIES REPORT

BetMakers Technology Group Ltd (**ASX:BET**) (**BetMakers** or the **Company**) provides this activity report for the quarter ended 31 December 2024 (**Q2 FY25**), along with the Company's Appendix 4C cash flow report. All amounts disclosed herein are unaudited and are denoted in AUD unless otherwise stated.

Key Highlights

- Upgrades to products and technology driving an increasing number of growth opportunities
- Apollo Platform migration substantially complete
    - The migration delivers an enhanced user experience for customers
    - Expected to result in material cloud and infrastructure savings on a per platform basis
- Increasing operating leverage after restructuring initiatives successfully executed
    - Total annualised staff costs reduced by a further $5.1 million from 30 June 2024 to 31 December 2024, following the successful restructure executed in Q2 FY25
    - Continued focus on operational efficiency
- Net-cash used in operating activities improved 43% QonQ to $1.3 million
- Adjusted EBITDA loss reduced ~69% QonQ to $0.3 million, driven by the lowering of costs from the recent restructuring, as well as the improvements to cloud costs
- Closing cash balance as at 31 December of $20.8 million, of which $8.9 million is unrestricted

Executive Chair of BetMakers, Matt Davey, said,

"We are seeing significant results from our transformation strategy. The Company has made substantial improvements to its operating efficiency and operating leverage. Whilst we continue to execute with tight cost discipline, our focus has now turned to growth.

We are excited about the opportunities we are seeing in our pipeline. This is being driven by two key factors: the network effects of our marketplace, where BetMakers' technology and services are at the centre of wagering globally; and the new products and platforms that have been built with embedded innovation to boost existing clients and potentially secure new customers around the world with plug-and-play wagering technology platforms.

These factors underwrite our confidence in delivering future top line revenue growth and the sustained momentum in our commercial development activities."

OPERATIONAL UPDATE

- **Growth outlook improves through network effects from the Company's B2B marketplace and upgraded technology**
  - BetMakers is seeing an increasing number of potential growth opportunities for the business, driven by network effects of our marketplace, as well as the recent technology upgrades.
  - Based on current market trends and internal projections, BetMakers expects to see the impact of this improved growth outlook in late H2 FY25, with further improvements in revenue growth anticipated into FY26. As a result of the transformation strategy and improved operating leverage, BetMakers anticipates strong incremental margins from its key growth initiatives.
  - BetMakers has established a partnership sales channel, which is expected to help accelerate the scaling and distribution of BetMakers' Apollo products (new Next Gen technology platform), including both Price Manager and BetMakers' Embedded Racebook solution.
  - BetMakers' international distribution network for GBS now extends to North America, Africa, Europe and Asia and complements the broad reach of the Global Tote network.
- **Apollo Platform migration successful, with material cloud savings expected**
  - The migration of BetMakers' Australian platform customers onto the Apollo platform (as part of the Next Gen technology upgrade) is now substantially complete.
  - BetMakers is pleased with the results of the migration, which completes the planned program of technology upgrades for the GBS division.
  - The upgraded technology delivers an enhanced experience for our customers including increased performance and new features.
  - As a result of the migration, BetMakers expects material cloud and infrastructure savings on a per-platform basis, with benefits expected to be realised throughout H2 FY25. Accordingly, gross margin for GBS is expected to improve during H2 FY25.
- **Restructuring initiatives successfully executed, improving operating leverage**
  - BetMakers confirms that it reduced its total annualised staff cost by a further $5.1 million from 30 June 2024 to 31 December 2024, following the successful restructure executed in Q2 FY25.
  - These efficiencies have been enabled by several initiatives, including, progress in the Company's technology roadmap, and the centralisation of corporate functions.
  - Following the restructure, the Company expects operating expenses to be below the $60 million target[1] for FY25 communicated by the Company with its FY24 results[2].

[1] The $60m operating expense target refers to cash operating expenses and is inclusive of all staff costs, including any costs that could be capitalised.
[2] Refer to the ASX announcement released by the Company on 30 August 2024.

Based on the current run-rate of operating costs, the expected impact of the restructure and the technology upgrades, the Company is now aiming to further reduce the run-rate of cash operating expenses below $55 million prior to the end of this financial year. The Company will continue to work on initiatives that further seek to reduce operating costs while optimising revenue growth initiatives.

- **Continuing to improve profitability metrics**
  - Net cash used in operating activities for Q2 FY25, was $1.3 million, which improved 43% QonQ.[3] The Company incurred approximately $0.8 million of redundancy and one-off staff costs in the quarter. After adjusting for those costs, the normalised net operating cash outflow for Q2 FY25 was only $0.5 million.
  - During the quarter, the Adjusted EBITDA loss reduced by 68.7% QoQ ($1.1 million to $0.3 million)). Capitalised costs were flat QonQ at $1.8 million. This result is even stronger when compared with Q4 FY24, where the Adjusted EBITDA loss was $3.4 million (a 90% reduction). The outcome is mainly driven by the lowering of costs from the recent restructuring, as well as the improvements to cloud costs generated by the release of the Apollo platform. Any results from BetMakers' ongoing growth initiatives would be expected to materially improve this profitability into FY26.
  - The Company expects its operating cash-flow trajectory to continue to improve in H2 FY25 as the impacts of the restructuring and the Apollo migration take full effect.
- **Engagement with customers remains strong, consistent with emerging growth**
  - As noted above, the Apollo Platform upgrade occurred during the quarter, a key milestone for GBS' strategic roadmap. Several new brands are expected to launch on the Apollo Platform in the coming months.
  - Bet365 is now live with fixed odds horse racing in both Colorado and New Jersey.
  - Quantum Tote software is now live at Rikstoto under the 10 year agreement.
  - The first B2B Embedded Racebook customer was launched with GiG.
  - New contract for Price Manager and Racelab with Delasport.
  - Extension of several GBS customers including Sportsbet, Dabble, betr and Unibet.
  - Multiple contract extensions or upgrades for Global Tote including in Madrid, Argentina and Malta.
  - BetMakers is also in advanced discussions with various potential partners and customers in relation to contracts for the supply of BetMakers' Tote and Fixed Odds products.
- **Closing cash balance as at 31 December of $20.8 million; of which $8.9 million is unrestricted**

[3] Consistent with peers, BetMakers is now reflecting its capitalised development costs as an investing cash-flow in its Appendix 4C. The Company will continue with this policy going forward.

FINANCIAL UPDATE

Profitability

BetMakers continued to make progress during Q2 FY25 towards its goal of achieving sustainable profitability.

During the quarter, the Adjusted EBITDA[4] loss reduced by 68.7% QonQ (from $1.1 million to $0.3 million). Capitalised costs were flat QonQ at $1.8 million. This result is even stronger when compared with Q4 FY24, where the Adjusted EBITDA loss was $3.4 million, an improvement of 90%.

The improvement in Adjusted EBITDA was despite lower revenue for the quarter and was supported by an improvement in gross profit margin, which improved by 3.7% QoQ from 57.8% to 61.6%.

The improvement in gross profit margin was driven by a combination of revenue mix (see commentary below) as well as some reduction in Australian cloud costs towards the end of the quarter. The reduction in cloud costs is expected to continue into 2H FY25, following the roll-out of Apollo across the Australian platform customers. BetMakers expects material cloud and infrastructure savings on a per-platform basis, with benefits expected to be realised throughout 2H FY25. Accordingly, gross margin for GBS is expected to continue to improve during 2H FY25.

Revenue

The lower revenue QonQ was due primarily to lower content and distribution fees as well as lower variable revenue from the Australian platforms division. The content and distribution fees generate lower gross margin than revenue from BetMakers core fixed odds and tote products. The lower revenue in the Australian platforms division related to softer than expected trading conditions and margin in the second half of the quarter.

Since the launch of the Apollo Platform there has been an increase in GBS' pipeline of potential new customers and opportunities. BetMakers' currently expects to launch numerous new Australian platforms over the coming months. This pipeline expansion is also evident in the potential international opportunities for GBS' Embedded Racebook products, including via the GBS' partnership channel.

Operating cash-flow

Q2 FY25 delivered a net operating cash outflow[5] of $1.3 million after adjusting for capitalised staff costs of $1.8 million. This was a 43% improvement QonQ.

The Company incurred approximately $0.8 million of one-off staff costs in the quarter. On the basis of those adjustments the normalised net operating cash outflow for 2Q FY25 was only $0.5 million.

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[4] Adjusted EBITDA refers to EBITDA adjusted for capitalised staff costs, provisions, share based payments and accounting for lease liabilities in accordance with AASB 16.

[5] Consistent with its peers, BetMakers is now reflecting its capitalised development costs as an investing cash-flow in its Appendix 4C. The Company will continue with this policy going forward.

The Company expects its operating cash-flow trajectory to improve throughout 2H FY25 as the impacts of the restructuring and the Apollo migration take full effect. However, some restructuring costs from the restructuring program in Q2 FY25 will be incurred in Q3 FY25.

Total cash on hand was $20.8 million as of 31 December 2024, of which $8.9 million is unrestricted.

The Company paid Directors $145,000 for services during Q2 FY25. This included payment to the President/Executive Chairman for employment services.

The Company paid $37,000 to Tekkorp Holdings LLC (**Tekkorp**) [6] pursuant to the facility agreement entered into between Tekkorp LLC and the Company. Further details in relation to the facility are in the attached Appendix 4C and the announcement released by the Company on 25 November 2024.

Reconciliation of Profit & Loss to Operating Cash Flows

The below table shows the underlying Profit & Loss performance for Q2 FY25, and the reconciliation to the operating cash flow:

	P&L	P&L	Variance	
AUD'000	**Q1 FY25**	**Q2 FY25**	**$**	**%**
Revenue	21,327	20,046	(1,281)	-6.0%
COGS	(8,996)	(7,706)	1,290	-14.3%
GP	**12,332**	**12,340**	**9**	**0.1%**
	57.8%	*61.6%*		
Staff Costs	(11,707)	(11,116)	591	5.1%
Capitalised Staff Costs	1,849	1,849	-	0.0%
Overheads	(3,586)	(3,422)	165	4.6%
Adjusted EBITDA [1]	**(1,113)**	**(348)**	**765**	**68.7%**
Reconciliation to net operating cash flow:				
Capitalised staff costs	(1,849)	(1,849)		
Monmouth Park MG	(2,131)	855		
Annual vendor payments	214	190		
Employee related costs	524	857		
Debt Recovery	1,155	(1,581)		
Other	855	549		
Net Cash from operating activities	(2,345)	(1,328)	1,017	43.4%

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

Commenting on Q2 FY25, Chief Executive Officer, Jake Henson said,

We are excited about our progression towards positive cash flow generation. The team has worked very hard on our transformation. We are excited about our product offering and the increasing reach of our technology solutions across the global wagering ecosystem. We look forward to reaping the rewards of our investment in technology and developing market leading products.

[6] Tekkorp Holdings LLC is a Company controlled by Matthew Davey.

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

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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 by 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.

BetMakers

Appendix 4C

Quarterly cash flow report for entities

subject to Listing Rule 4.7B

Name of entity

BetMakers Technology Group Limited

ABN	**Quarter ended ("current quarter")**
21 164 521 395	31 December 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	21,202	44,381
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(8,711)	(20,598)
	(c) advertising and marketing	(97)	(324)
	(d) leased assets	(760)	(1,412)
	(e) staff costs	(10,656)	(20,790)
	(f) administration and corporate costs	(2,211)	(4,835)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(38)	(38)
1.6	Income taxes paid	(57)	(57)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,328)**	**(3,673)**

1.2 (e) includes ~$0.8 million in payments related to restructuring, leave costs incurred.

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,089)	(1,813)
	(d) investments	-	-
	(e) intellectual property / content rights	(1,849)	(3,698)
	(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)	(497)	(3,230)
2.6	**Net cash from / (used in) investing activities**	**(3,435)**	**(8,741)**

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 use in the US).

2.1 (e) Predominantly relates to staff costs for technology development.

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 31 December 2024 was $11.9 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	-	-
3.5	Proceeds from borrowings	3,101	3,101
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**	**3,101**	**3,101**

3.5 Refer to section 7

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,205	29,337
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,328)	(3,673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,435)	(8,741)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,101	3,101
4.5	Effect of movement in exchange rates on cash held	1,337	461
4.6	**Cash and cash equivalents at end of period**	**20,880**	**20,880**

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	**20,880**	**21,205**
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)**	**20,880**	**21,205**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	145

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

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 Q2 FY25. 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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	4,651	3,101
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	4,651	3,101

7.5	**Unused financing facilities available at quarter end**	1,550

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.

During the quarter the Company entered into a US$3.0 million, 24-month, debt facility with Tekkorp Holdings LLC (Tekkorp Facility) that will provide additional financial flexibility for the Company. The facility has being used to help fund the acceleration of the Company's transformation strategy, including funding one-off costs associated with the reduction in staff costs, as well as providing working capital and additional funding capacity for strategic initiatives.

The key terms of the Tekkorp Facility are as follows:

- *24-month term, unsecured loan, with all principal repayable in a single bullet repayment at maturity. The repayment date is 24 months after the date on which funds are first advanced by the lender to the Company (Repayment Date);*

- *US$3.0 million of funds available to be drawn down in two tranches (Loan):*
    - *Tranche 1 Loan: US$2.0 million to be available upon execution of the loan, to be used for working capital purposes of the Company and its Related Bodies Corporate;*

- *Tranche 2 Loan: US$1.0 million to be available only on or after 1 July 2025, or earlier, if approved by Tekkorp, to fund strategic initiatives.*

Refer to the announcement dated 25 November 2024 for further details.

8.	**Estimated cash available for future operating activities**	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,328)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	20,880
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,550
8.4	Total available funding (Item 8.2 + Item 8.3)	22,430
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	17

8.2 Includes restricted cash as at 31 December 2024 of $11.9 million which is funds held on behalf of customers. Unrestricted cash is $8.9 million.

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

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: 31 January 2025..

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.