

30 August 2024

BetMakers FY24 results

APPROACHING PROFITABILITY; IMPROVED OPERATIONAL DISCIPLINE; OPERATING EXPENSES REDUCED BY \$23 MILLION

BetMakers Technology Group Ltd (**ASX:BET**) (“**BetMakers**” or the “**Company**”) today announced its financial results for the 12 months ended 30 June 2024 (**FY24**).

FY24 highlights:

- **Material benefits realised during FY24 from a disciplined execution of BetMakers’ strategy**
- **Adjusted EBITDA loss reduced to -\$7.2 million, from -\$27.8 million in FY23 (a 74% reduction)**
- **Operating expenses of \$65.3m¹ were down by 26% with material reductions in both staff costs (down 29%) and overheads (down 16%)**
- **Technology investment delivering efficiencies and cost reductions - Next Gen final stage to go live in Q1 FY25**
- **FY24 Revenues were \$95.2 million (\$88.8 million ex-betr) with Global Tote up 3.0% and GBS down 3.3%**
- **Growth efforts focused on high margin scalable products and international markets**

Commenting on the FY24 results, Executive Chair Matt Davey, said, “FY24 was a pivotal year for BetMakers in building the foundations that will enable us to deliver sustainable profit and long term growth. A substantial restructuring program has now largely been completed, significantly reducing our cost base as we enter FY25. In addition, our technology and product offering continues to be enhanced, and our international operations continue to grow in profitability.

“We are excited about the development of the Next Gen platform and that the final stages will go live in Q1FY25. We expect Next Gen to deliver improved operational efficiencies and an enhanced user experience, with benefits to be realised from FY25. In the Australian market, where soft trading conditions have remained, BetMakers’ fixed odds managed trading services’ customers will benefit from increased speed, an upgraded user experience and a host of new features from Next Gen.

“Our Tote business continues to perform strongly and is an important part of our streamlined model. With pool betting still representing over 70% of regulated betting on horse racing, we see it as an essential part of the product mix for suppliers in the industry and one that represents a significant opportunity for BetMakers.”

¹ After the capitalisation of \$6.3m in staff costs associated with Next Gen.



Material benefits were realised during FY24 from a disciplined execution of BetMakers' strategy

BetMakers executed a disciplined approach to its strategy in FY24, with a focus on lowering the cost base, exiting unprofitable contracts, restructuring operations and rebuilding its technology platform.

The Adjusted EBITDA² loss reduced from -\$27.8 million in FY23 to -\$7.2 million in FY24 (an improvement of \$20.6m or 74%). The key driver of this improvement was a reduction in operating expenses, down from \$88.2 million in FY23 to \$65.3 million³ in FY24 (a reduction of 26%).

The FY24 and FY25 cost reduction initiatives, combined with the anticipated improvements in gross margin from the delivery of the final stages of Next Gen, are expected to result in increased operating leverage in FY25 and future periods.

Technology investment delivering efficiencies and a foundation for future growth

BetMakers has undertaken a transformational rebuild of its core technology platform via the development of the Next Gen platform. This rebuild is expected to deliver reduced cloud costs and improved operating efficiencies, as well as allowing BetMakers to deliver highly scalable digital products with significantly higher incremental gross margins than the current operations.⁴

The final stages of Next Gen are expected to go live in Q1 FY25. The Next Gen platform is expected to deliver BetMakers' customers an enhanced user experience, increased speed, updated Form and Content with our new integrated RACELAB product suite, and important customer retention tools.

The betr migration off-platform has now been completed on schedule. This is expected to accelerate the realisation of cloud and operating efficiencies for BetMakers in FY25.⁵

Growth efforts are focused on products and regions with capacity to deliver high margin and sustainable, long term value for BetMakers

In FY24 BetMakers entered into or renewed contracts with 29 operators, some with terms as long as ten years. However, growth was offset by lower revenue from Australian platforms and the loss of betr. International customers are a growth focus, driven by an expanded product offering and benefits from technology investment.

Bet365 signed a two-year market access and content agreement with BetMakers to distribute BetMakers' thoroughbred racing content to bet365 customers in New Jersey, and both thoroughbred and harness racing in Colorado.

² See Slide 14 of the FY24 Results Investor Presentation lodged with ASX on 30 August for further details regarding Adjusted EBITDA

³ FY24 operating expenses of \$65.3m are after the capitalisation of \$6.3m of staff costs relating to Next Gen. There were no staff costs capitalised in FY23

⁴ BetMakers Gross Margin for FY24 was 60.3%.

⁵ Refer to announcement lodged with ASX on 11 April 2024 in relation to the amendment of the agreement between BetMakers and betr.



BetMakers also secured new contracts to deliver racebook services on GiG's sportsbook platform SportX, and to Kambi's sportsbook and entered into a partnership with PA Betting Services to offer the AdVantage turn-key B2B broadcast streaming and wagering platform.

The Caesars agreement roll-out has progressed well to-date, with the Embedded Tote solution now live in 22 Nevada venues, as well as being live in Nebraska and Iowa Caesars-owned properties.

The Norway tote system is in final testing stages with a 10-year agreement in place. The parties are working towards a go-live date in Q2 FY25.

The performance of the Australian platform division has been more subdued, but the Next Gen platform is expected to provide BetMakers' Australian fixed odds managed trading services' customers with an upgraded and enhanced platform – offering users increased speed, an upgraded and modern user experience, critical acquisition and retention upgrades, and a host of new features.

OUTLOOK: Continued improvement in operating efficiency and margin

The benefits realised in FY24 position the Company to transform its operations into a business that can deliver sustainable profit. Management is focused on enabling BetMakers to generate positive cash-flow prior to the end of FY25.

As a result of the full year benefit of FY24 cost out, combined with additional FY25 initiatives, the Company is targeting a further reduction in annual operating expenses of at least 16% in FY25 to below \$60 million⁶. In addition to the reduction in operating expenses, operating leverage is expected to be further enhanced by improvements to gross margin through the roll-out of Next Gen.

Financial performance for FY25 is expected to be stronger in 2H FY25 vs 1H FY25 as the revenue base for 1H FY25 will be impacted by the exit of the betr contract as well as the softer performance of the Australian platform division seen in 2H FY24. In addition, the benefits of recent contract wins are expected to be realised in 2H FY25.

Commenting on the outlook, Chief Executive Officer Jake Henson said, *“BetMakers has worked diligently to further reduce and normalise the cost base in FY24, whilst continuing to invest in technology and grow the business.*

“The significant development in technology is expected to put us in a great position to attack growth opportunities in international markets, whilst also benefiting our existing customer base. 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 our international customer base. I look forward to delivering on these opportunities in FY25. This coming year will be an important year for us, as we look to transform BetMakers into a Rule of 40⁷ Company.”

⁶ The \$60m operating expense target refers to cash operating expenses and excludes the impact of any potential capitalisation of staff costs in FY25. Pre-capitalised staff costs, in FY24 cash operating expenses were \$71.6m. The difference between \$71.6m and \$60.0m is 16%.

⁷ The Rule of 40 is a principle that states that a technology company's combined growth rate and EBITDA margin should exceed 40%. Refer to Slide 4 of the FY24 Results Presentation lodged with ASX on 30 August 2024.



INVESTOR WEBINAR DETAILS

Betmakers Executive Chair, Matt Davey, CEO Jake Henson, and CFO Carl Henschke, will deliver a presentation to investors today at **9.30am (AEDT)** (Friday, 30th of August 2024) via a live webinar, followed by Q&A.

To pre-register for this webinar, please use the following link:

https://us02web.zoom.us/webinar/register/WN_v0sSOaMhQyOIN7vC05MUtg

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

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The following is a summary of BetMakers' FY24 profit and loss statement. Please refer to Slide 16 of the FY24 Results Presentation for further information and commentary.

FOR THE 12 MONTHS ENDED 30 JUNE 2024 (\$M)	Variance			
	FY24	FY23	\$/%	%
Revenue	95.2	95.0	0.2	0.2%
COGS	-37.8	-35.9	-1.9	5.4%
GROSS PROFIT	57.4	59.1	-1.7	-3.0%
GROSS MARGIN %	60%	62%	-2%	-3.2%
Operating Expense	-65.3	-88.2	22.9	-26.0%
Net foreign exchange gain	0.6	1.2	-0.6	-45.5%
Adjusted EBITDA	-7.2	-27.8	20.6	74.0%
Adjusted EBITDA Margin %	-8%	-29%	21%	nm
Gain on purchase	1.0	7.5	-6.5	-86.9%
(Impairment) / recovery of receivables	-0.9	-8.9	8.0	-89.9%
Deal Costs	0.0	-3.4	3.4	nm
Share-based payments expense	1.9	-8.3	10.2	-123.0%
EBITDA	-5.2	-41.0	35.8	-87.3%
Depreciation and amortisation expense	-12.2	-11.8	-0.4	3.4%
Finance costs	-0.4	-0.6	0.2	-30.9%
Income tax expense/(benefit)	-20.8	14.6	-35.4	-242.3%
NPAT	-38.7	-38.8	0.1	nm

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.

This announcement contains "forward-looking statements." These can often be identified by words such as "may", "should", "anticipate", "believe", "intend", "estimate", and "expect". However any 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

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- *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.

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