



27 October 2022

ASX Announcement (ASX:BBT)

September Quarter (Q1 FY23) Quarterly Activities Report, Appendix 4C & Business Update

Strong performance in Australia continues, with ClutchBet now live in the US

BlueBet Holdings Limited (ASX:BBT) (**BlueBet** or the **Company**) provides its Quarterly Cash Flow Report (**Appendix 4C**) and Quarterly Activities Report for the quarter ended 30 September 2022 (**Q1 FY23** or **Q1**).

BlueBet also provides an overview of its trading performance for Q1 FY23 (prior corresponding period being Q1 FY22 (**PCP**)).

HIGHLIGHTS

- Turnover up 5.6% to \$133.0 million driven by strong growth in Sports and mobile channel
- Continuing to gain market share, with Active Customers up 40.1% to 54,920 despite cycling over strong customer acquisitions during COVID lockdowns
- Net Win Margin remains above 10%, despite increased promotional spend relating to the NRL and AFL finals
- Effective investment in brand and acquisition around key NRL and AFL finals series and Spring Racing Carnival
- Cost per FTD (CFTD) of \$405 or 2.5x Annual Customer Value, which continues to provide attractive returns on marketing investment to acquire quality customers
- Release of Stat Wars product in Australia highlights BlueBet's commitment to innovation to differentiate from industry incumbents and gain market share
- Positive operating cashflow from Australian business and disciplined capital deployment in US results in stronger than expected Corporate Cash position of \$38.7 million
- ClutchBet now live in Iowa, with license approved and first bets taken in at the end of August
- Working towards launching ClutchBet in Colorado, Louisiana and Indiana, while securing partners for white labelled Sportsbook-as-a-Solution offer

Having cycled a very strong quarter in the PCP which benefited from elevated customer activity during COVID-19 lockdowns in the key markets of NSW and Victoria, BlueBet continued its positive momentum in Q1 FY23, reporting quarter-on-quarter growth across all key metrics.

Key Metrics	Q1 FY23	Q1 FY22	PCP	QoQ
Turnover ²	133.0	125.9	+5.6%	+5.0%
Gross Win ³	17.8	18.1	-1.7%	+4.7%
Gross Win Margin	13.4%	14.4%	-1.0pp	-
Net Win ⁴	13.5	14.8	-8.8%	+5.5%
Net Win Margin	10.2%	11.8%	-1.6pp	+0.1pp
No. Active Customers ⁵	54,920	39,195	+40.1%	+3.0%

¹ Unaudited and in Australian dollars unless otherwise stated

² Turnover is the dollar amount wagered by customers before any winnings are paid out or losses incurred

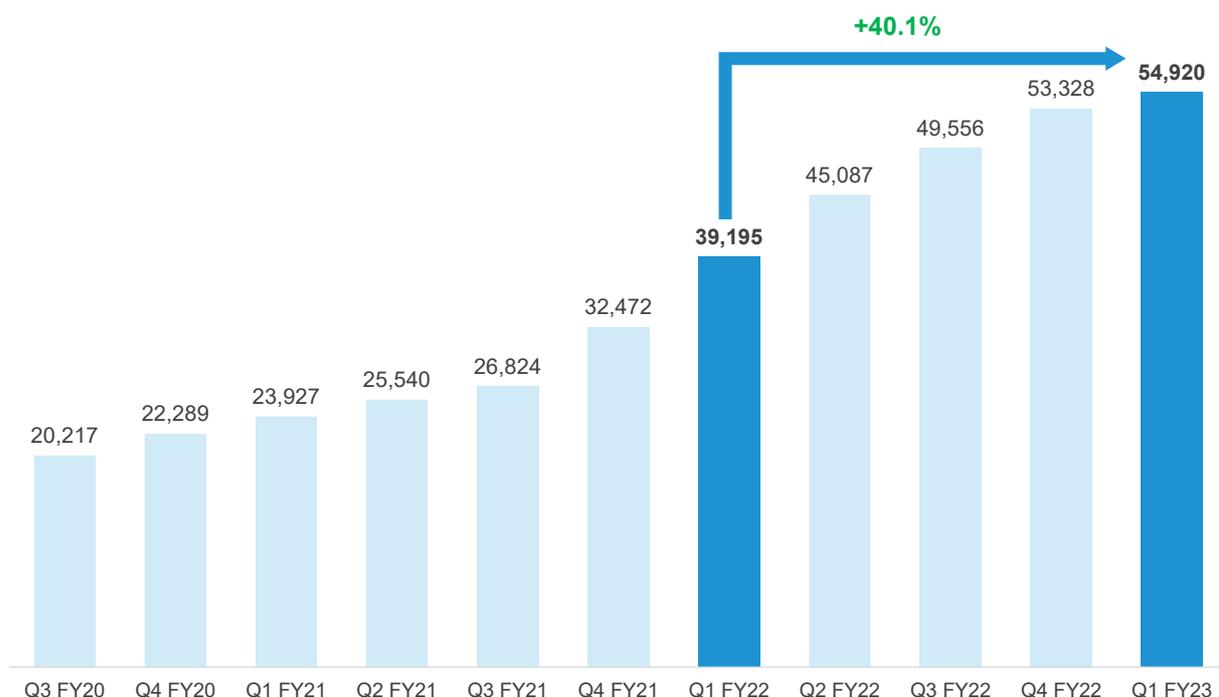
³ Gross Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets, excluding the cost of pricing promotions

⁴ Net Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets, less customer promotional costs (the costs incurred to acquire and retain customers through bonus bets, money back offers, early pay-outs and enhanced pricing initiatives)

⁵ Customers that have placed a cash bet in the 12 months preceding the relevant period end date

BlueBet continues to gain market share in Australia, with Turnover increasing by 5.5% vs. the PCP to \$132.8 million. Lower Gross Win Margin was driven by a reduced contribution from Greyhound racing which is typically higher margin, and short-term negative variance on racing margins. Importantly, Net Win Margin was maintained above 10%, even after Client promotions as a percentage of Gross Win increased from 18.2% in the PCP to 24.2% due to promotional activity around key Australian sporting events such as the NRL and AFL finals.

ACTIVE CUSTOMER¹ GROWTH



¹ Customers who have placed a cash bet in the 12 months preceding the relevant period end date

As at 30 September 2022, BlueBet had 55,920 Active Customers, an increase of 40.1% on the PCP despite cycling over strong customer acquisition during the COVID lockdown period. Continued quarter-on-quarter growth in Active Customers demonstrates BlueBet’s ability to attract and retain quality clients, with September a record month of Active Customers placing a bet in the month and October on track to exceed that mark.

US MARKET ENTRY

During the quarter, BlueBet reached a key milestone in its US market entry, taking first US bets in Iowa on 30 August after having its licence approved by the regulator and its platforms certified by GLI.

This was a “soft launch” with the initial focus on refining the product before accelerating marketing investment to drive customer acquisition. Since launch, additional product functionality has been added, including new products such as Same Game Parlay and Clutch Clash Player Matchups.

ClutchBet will use a hyper local marketing approach in its US markets, including Iowa, to ensure a strong return on its marketing investment. The targeted approach will focus on offering promotions for local professional and college sports teams as well as investing in ClutchBet Sports Lounges in local bars.

Investing in key talent to support the US market entry continues, with Josh Auriemma joining as VP Technology from Penn Interactive.

With market access secure in four US states, BlueBet has the platform and funding to complete the first stage of its two-stage “capital lite” US entry, launching ClutchBet and demonstrating the capability of its technology and team to run profitable sportsbooks. The Company will also seek partners nationwide for the second stage of its US entry, launching its white-labelled Sportsbook-as-a-Solution B2B offer.

CASH FLOW

- On 30 September 2022, the Company’s cash balance was \$42.3 million, including customer deposits of \$3.6m
- The Company has no corporate borrowings, with significant cash runway to execute its “capital lite” US market entry strategy
- Net Win from customers for the quarter ended 30 September 2022 totalled \$13.5 million
- Net cash used from operating activities in the quarter ended 30 September 2022 was \$2.1 million, which comprised \$2.5 million outflow in the US offset by a positive contribution of \$0.4 million from Australia
- Cash outflows during the quarter included cost of sales of \$5.1 million, staff costs of \$3.5 million, marketing costs of \$4.4 million, and administration, corporate costs, including GST on Australian Net Win of \$2.7 million
- Net cash used in investing activities in the quarter ending 30 September 2022 was \$3.0 million with most of this reflecting capitalisation of technology costs relating to website

and mobile app development costs as well as upfront market access fees relating to Indiana

- Payments to related parties totalled \$0.4 million and relate to payments to Executive & Non-Executive Directors for Salaries & Wages (inclusive of superannuation and applicable taxes withheld) and Director Fees on normal commercial terms

ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES

The Company is well funded to achieve its strategic objectives and planned activities. The Company prepared the Prospectus in relation to the Offer of 70.2 million shares at an issue price of \$1.14 per share to raise \$80.0 million.

In Section 7.1 of the Prospectus, the Company provided a proposed use of funds statement. The table below shows the use of funds from the date of admission to the ASX, being 2 July 2021 to 30 September 2022 being the end of Q1 FY23.

Use of Funds 2 July 2021 to 30 September 2022	Allocated Amounts (\$m)	Utilised Amounts (\$m)	Commentary
Marketing Spend in Australia	10.0	7.2	Below expectations with the Australian business growth able to absorb the increase
Establish US business and acquire initial licences	30.0	6.0	In line with expectations.
Technology and platform development	4.7	6.3	As previously indicated in FY22 Results presentation, the business is reinvesting in Product Innovation
Costs of the Offer	5.3	5.4	All costs of the offer have been paid and the total was \$0.1m above Prospectus value because of additional costs incurred following submission of the Prospectus
Proceeds to Existing Securityholders	30.0	30.0	In line with expectations
TOTAL	80.0	54.9	

CHANGE OF SHARE REGISTRY ADDRESS

In accordance with listing rule 3.15.1, please be advised that effective Monday 31 October 2022, Boardroom Pty Limited, the Company's share registry, will be located at the following address:

Level 8
210 George Street
Sydney NSW 2000

MATERIAL BUSINESS RISKS TO STRATEGY AND FINANCIAL PERFORMANCE IN FUTURE PERIODS

In an addition to its recently released FY22 Annual Report, BlueBet provides an update on material business risks that may affect the success of the Company's strategy and financial prospects for future years, including some which are not directly within BlueBet's control.

The Company's risk management approach involves the ongoing assessment, monitoring and reporting of risks which could impede the company's progress in delivering the company's strategic priorities. As the business continues to grow, the material business risk profile evolves.

The material business risks affecting the Group are set out below. The Group may also face a range of other risks from time to time in conducting its business activities.

1) The Wagering Industry is Highly Regulated

The provision of wagering services is subject to extensive laws, regulations, permits and approvals. These Regulations vary from jurisdiction to jurisdiction, but typically address the responsibility, financial standing and suitability of licensed operators, their suppliers and their respective owners, Directors and key employees, locations where licensed operations are permitted, wagering activity, marketing and promotional activity, the payment of fees, reporting of integrity-related matters, the use of personal data, and anti-money laundering and counter-terrorism practices. In addition, compliance costs associated with Regulations are material.

a. Changes to Regulations

Many of the Regulations are subject to change; for example, restrictions on types of betting products, restrictions on deposit methods and the risk of increased regulation or restrictions relating to the advertising of wagering products. Regulatory authorities may also change their interpretation of the Regulations at any time, which may restrict or further regulate the Company's operations in the future. Changes to Regulations may result in additional costs or compliance burden for the Company. Some aspects of compliance may be outside the control of the Company.

b. Breach of Regulations

In addition, any failure by the Company (or BlueBet, as applicable) to comply with relevant Regulations may lead to penalties, sanctions or ultimately the amendment, suspension or revocation of relevant operating licences, approvals or permits and may have an impact on licences, approvals or permits in other jurisdictions. Further, any regulatory investigations or settlements could cause the Company to incur substantial costs (for example, by way of fines and penalties, or because of successful customer claims, and seeking external professional advice and assistance), or require it to change its business practices in a manner materially adverse to its business.

c. Increases in Product Fees, Levies and Taxes

BlueBet has commercial and regulatory payment obligations in the jurisdictions in which it operates. These obligations may be owed to a particular sporting body as "product fees" (for example, horse racing conducted in an Australian jurisdiction), payable under a commercial or statutory licence, or otherwise imposed by law as a tax, levy, or fee. Any adverse changes to BlueBet's existing payment obligations, in respect of Product Fees and Taxes (for example,

an increase to Product Fees payable in connection with thoroughbred horse racing in a particular state), or the imposition of new payment obligations on BlueBet (for example, the imposition of a fee on BlueBet in respect of the national self-exclusion register) and any new levies, taxes or other duties or charges in any relevant jurisdictions, could materially and adversely affect the Company's Cost of Sales and therefore affect the level of profit generated from operations.

2) The Company's Market Expansion to the US

The Company's growth strategy includes expansion into the developing wagering industry in the US. The striking down by the US Supreme Court of PASPA on 14 May 2018, paved the way for individual states to introduce legislation permitting sports betting. Each state may now introduce their own regulatory and licensing frameworks. Several states in the US have already passed legislation legalising sports betting and several other states have draft bills before the legislature, which may or may not be passed in future. Each state's legislation (both enacted and draft) varies in its scope and extent; however:

- while several states in the US have already legalised wagering to some extent, there is no guarantee that states that have not yet legalised wagering will do so in the future: and
- the timing or scope of any enabling legislation or regulations, and the issuance of licences, cannot be assessed with any certainty in states that do move to legalise wagering.

Having secured market access in four jurisdictions, the company is well positioned to execute on its Stage 1, B2C market entry strategy. However, the expansion to the US is in its very early stage and there is no guarantee that the Company's efforts at international expansion will be successful. The Company remains convinced that its "Capital Lite" US entry strategy is the most prudent way to enter the market.

3) System Disruptions and Outages

BlueBet relies on the constant real-time performance, reliability, and availability of its technology system, including in relation to its website and mobile app. There is a risk that these systems may fail to perform as expected or be adversely impacted by several factors, some of which may be outside of BlueBet's control. These include data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. This may cause part or all BlueBet's technology systems and/or the communication networks to become unavailable. Like other wagering operators, there is a risk that repeated failures to BlueBet's technology system may result in a decline in the number of customers using BlueBet's wagering platform.

4) Risks associated with data protection and cyber security

Through the ordinary course of business, BlueBet collects and maintains confidential or personal information about its customers. BlueBet also outsources the collection, storage, and processing of credit card details for customers to an authorised third party. Personal information is segregated to a secure database behind firewall protection and financial data is encrypted and firewall protected. Although BlueBet has cyber-security policies and procedures in place, there is a risk that cyber-attacks may compromise, or breach technology systems used by BlueBet to protect confidential or personal information. Any data security breaches or BlueBet's failure to protect confidential or personal information could cause

significant disruption to BlueBet’s business and trigger mandatory data breach notification obligations. They may also result in the loss of information integrity, breaches of BlueBet’s obligations under applicable laws or agreements, legal complaints and claims by customers, and regulatory scrutiny and fines. Any of these could cause significant damage to BlueBet’s reputation, which may affect our ability to retain or attract new customers and have a material adverse impact on the financial position and performance of BlueBet.

5) Anti-money laundering / counter-terrorism financing

The wagering industry is exposed to vulnerabilities such as money laundering and there is a risk that BlueBet’s products may be used for those purposes by its customers or employees. In addition, the Company’s activities are subject to anti money laundering regulations and anti-corruption laws, which may increase the costs of compliance, limit or restrict the Company’s ability to do business or subject the Company to enforcement action that may include civil or criminal actions or proceedings. If applicable anti-money laundering laws or regulations are breached, the Company’s business, performance, reputation, prospects, value, financial condition, and results of operations could be adversely affected.

6) Competitors and new market entrants

The wagering industry is highly competitive. Other more well established, well-resourced companies offer products and services that compete with BlueBet. These competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies, have greater resources to make acquisitions or enter into strategic partnerships, have larger and more mature intellectual property portfolios, have substantially greater financial, technical, and other resources or otherwise develop more commercially successful products or services and therefore potentially limit BlueBet’s growth.

AUTHORISATION

This announcement has been authorised for lodgement to the ASX by the BlueBet Board of Directors

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About BlueBet

BlueBet is a mobile-first, online bookmaker with a vision to provide more innovative wagering products to customers of Australian and international racing and sports.

BlueBet offers wagering products on 31 sports in Australia and internationally, plus entertainment and politics wagering markets. BlueBet provides customers a wide range of

traditional wagering products as well as more innovative products, such as Exotics, Same Game Multis and Same Race Multis.

BlueBet is powered by a scalable, cloud-based technology platform, which has been materially customised and enhanced by the Company to focus on providing customers with the best experience possible. BlueBet has developed its customer-facing technology platform, website and native apps with a mobile-first strategy, to deliver a premium mobile experience to the customer.

FUTURE PERFORMANCE AND FORWARD-LOOKING STATEMENTS

This ASX release contains forward-looking statements, forecasts, estimates, projections, beliefs and opinions (**Forward-Looking Statements**). Forward-Looking Statements can be identified by the use of terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'projects', 'predicts', 'intends', 'plans', 'propose', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-Looking Statements reflect expectations as at the date of this release. However, they are not guarantees or predictions of future performance or events or statements of fact. They involve known and unknown risks, uncertainties and other factors, many of which are beyond BlueBet' control, and which may cause actual results to differ materially from anticipated results, performance or achievements expressed or implied by the Forward-Looking Statements contained in this presentation.

Other than as required by law, although they believe there is a reasonable basis for the Forward-Looking Statements, neither BlueBet nor any other person (including any director, officer or employee of BlueBet or any related body corporate) gives any representation, assurance or guarantee (express or implied) as to the accuracy or completeness of each Forward-Looking Statement or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, BlueBet does not undertake to publicly update or review any Forward-Looking Statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.