



ASX Announcement (ASX:BBT)

31 January 2024

## Q2 FY24 Quarterly Activities Report, Appendix 4C & Business Update

***Strong trading performance in Australia and US; cash flow neutral expected in H2 FY24***

BlueBet Holdings Limited (ASX:BBT) (**BlueBet** or the **Group** or the **Company**) provides its Quarterly Cash Flow Report (**Appendix 4C**) and Quarterly Activities Report for the quarter ended 31 December 2023 (**Q2 FY24** or **Q2**).

### Key Highlights<sup>1</sup>:

- BlueBet expect to be cash flow neutral in H2 FY24 and with a new \$3 million loan facility (obtained post period end) providing additional financial flexibility
- Strong trading performance, with record Group Turnover of \$168.7 million, up 14.2%
- Outperforming and gaining market share in Australia, with Active Customers up 13.0% to 67,391, record Turnover of \$154.8 million, up 5.8%, and record Net Win of \$16.2 million, up 18.2%
- Marketing efficiencies deliver 20.7% improvement in Cost per First Time Depositor (CFTD), well positioned ahead of proposed new Australian wagering advertising regulations
- Strong US B2C momentum continues, with ClutchBet live in two states and Louisiana approved with first bets taken in late January 2024
- Discussions progressing well with potential US B2B partners, with BlueBet's proprietary technology platform a key selling point
- Major brand and technology investment has peaked, with brand established and BlueBet Global Platform delivered; marketing efficiencies and reduced capex to deliver cash flow neutral in H2 FY24, with further levers to pull if required

**BlueBet CEO Bill Richmond said:** *"BlueBet delivered another strong trading performance in Q2. In Australia, we reported record quarters for Turnover and Net Win, as we continue to gain share and outperform the market. In the US, we are making good progress in our B2C market entry, having gone live in Louisiana in January, while discussions with potential B2B partners are progressing positively."*

*"The addition of a new \$3 million loan facility provides us with additional financial flexibility and optionality. With our major brand and technology investment now behind us, and further levers to pull if required, we expect to be cash flow neutral in H2 FY24."*

*"We remain in strategic discussions with third parties, but we are in control of our own destiny and remain committed to maximising value for BlueBet shareholders."*

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<sup>1</sup> All comparisons relate to the prior corresponding period (PCP) unless otherwise stated

Group performance (A\$m) <sup>1</sup>						
Key Metrics	Q2 FY24	Q2 FY23	vs. PCP	YTD FY24	YTD FY23	vs. PCP
Turnover <sup>2</sup>	168.7	147.7	+14.2%	319.4	280.9	+13.7%
Gross Win <sup>3</sup>	22.0	18.6	+18.3%	41.0	36.4	+12.6%
Gross Win Margin	13.0%	12.6%	+0.4pp	12.8%	13.0%	-0.2pp
Net Win <sup>4</sup>	16.3	13.7	+19.0%	30.7	27.1	+13.3%
Net Win Margin	9.7%	9.3%	+0.4pp	9.6%	9.6%	-

## GROUP PERFORMANCE

BlueBet delivered record quarterly Turnover of \$168.7 million, up 14.2% on the prior corresponding period (PCP), with continued market share gains in Australia and ClutchBet gaining traction in the US. Gross Win was up 18.3% and Net Win was up 19.0%, with margins also expanding.

The Company's technology platforms are critical to driving its long-term growth and a key selling point for potential US B2B partners, and a number of further enhancements were released during the quarter. With the BlueBet Global Platform now largely delivered and due to be submitted for approval by GLI<sup>2</sup> in February, the bulk of the Company's technology investment is now complete, with a substantial reduction in capex expected moving forward.

BlueBet Australia performance (A\$m) <sup>1</sup>						
Key Metrics	Q2 FY24	Q2 FY23	vs. PCP	YTD FY24	YTD FY23	vs. PCP
Turnover <sup>2</sup>	154.8	146.3	+5.8%	298.7	279.3	+6.9%
Gross Win <sup>3</sup>	21.2	18.5	+14.6%	40.0	36.3	+10.2%
Gross Win Margin	13.7%	12.6%	+1.1pp	13.4%	13.0%	+0.4pp
Net Win <sup>4</sup>	16.2	13.7	+18.2%	30.7	27.2	+12.9%
Net Win Margin	10.5%	9.4%	+1.1pp	10.3%	9.7%	+0.6pp
No. Active Customers <sup>5</sup>	67,391	59,632	+13.0%			
Key Metrics by Qtr.	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	vs. PCP	YTD FY24
Turnover <sup>2</sup>	143.9	154.8			+5.8%	298.7
Gross Win <sup>3</sup>	18.8	21.1			+14.6%	40.0
Gross Win Margin	13.1%	13.7%			+1.1pp	13.0%
Net Win <sup>4</sup>	14.5	16.2			+18.2%	30.7
Net Win Margin	10.1%	10.5%			+1.1pp	10.3%

<sup>1</sup> Unaudited and in Australian dollars unless otherwise stated

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

<sup>3</sup> 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

<sup>4</sup> 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)

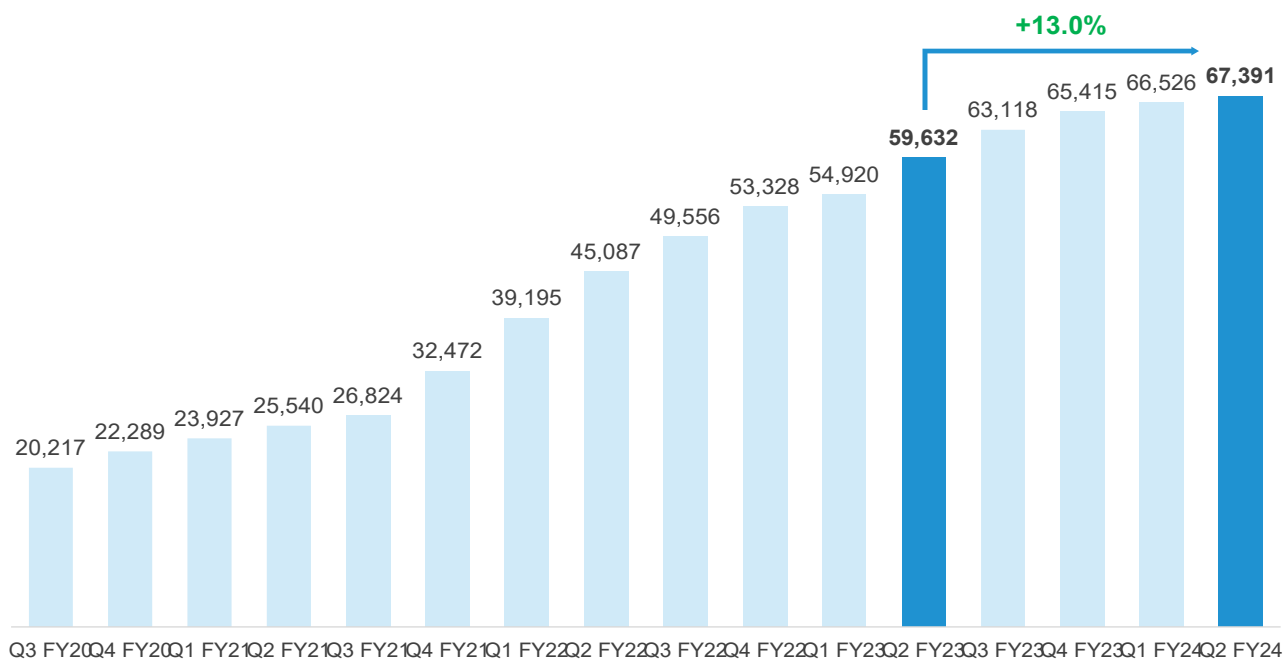
<sup>5</sup> Customers that have placed a cash bet in the 12 months preceding the relevant period end date

## AUSTRALIAN BUSINESS

BlueBet's strong momentum in Australia continued in Q2, as the business continues to outperform the market and gain market share. Active Customers were up 13.0% to 67,391, with Turnover up 5.8% to \$154.8 million and Net Win up 18.2% to \$16.2 million, all quarterly records.

BlueBet is already well positioned in the face of potential changes to Australian wagering advertising regulations, with its targeted Above the Line media strategy. Anticipating forthcoming regulatory changes, the Company has further shifted its marketing strategy towards targeted acquisition marketing, delivering significant marketing efficiencies. This has driven a 20.7% improvement in Cost per First Time Depositor (CFTD) to \$346, representing an attractive ratio of 2.5x the Average Annual Customer Value of \$854 in Q2.

<sup>2</sup> Gaming Laboratories International (GLI®) is the leader in testing and certification for the global gaming industry



At 31 December 2023, BlueBet Australia had a record 67,391 Active Customers, up 13.0% on the PCP, demonstrating BlueBet’s ability to attract and retain quality clients.

**US BUSINESS**

The strength of BlueBet’s proprietary technology platform continues to underpin the Company’s US market entry. Product enhancements to improve the user experience, including to ClutchBet’s Same Game Parlay product, were implemented in Q2. ClutchBet’s Hyper-live product continues to prove popular with bettors, with 71% of Turnover coming from in-play betting.

After the quarter-end, ClutchBet received regulatory approval in Louisiana, the Company’s third US state, with first bets taken in late January 2024.

Discussions continue to progress positively with potential B2B partners. Securing a B2B partner would represent a significant milestone as the Company progresses to stage two of its “Capital-lite” market entry strategy.

**CASH FLOW**

- At 31 December 2023, the Company’s cash balance was \$9.3 million, including customer deposits of \$3.4 million.
- Net Win from customers for Q2 FY24 totalled \$16.2 million.
- Net cash used from operating activities in the quarter ended 31 December 2023 was \$7.7 million, which was split \$3.2 million for the Australian business (including corporate costs) and \$4.5 million in the US. These movements represented a period of seasonal and one-off cash outflows for the Group, which are not expected to continue into H2 FY24.
- Cash outflows during the quarter included cost of sales of \$8.8 million, staff costs of \$3.6 million, marketing costs of \$4.3 million, and administration and corporate costs (including GST on Australian Net Win of \$5.4 million).

- Net cash used in investing activities in Q2 FY24 was \$0.5 million, largely resulting from capitalisation of technology costs. With the heavy lifting of the BlueBet Global Platform now largely delivered, Capex is expected to remain at these lower levels going forward.
- Payments to related parties totalled \$0.3 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.
- The Group was free cash flow neutral in January 2024, which is expected to continue in H2 FY24 principally due to significantly reduced IT and marketing spend.

### **NEW LOAN FACILITY**

BlueBet Executive Chairman Michael Sullivan has agreed to provide a \$3 million unsecured loan facility to the Company to provide additional working capital and financial flexibility at an interest rate of 10% per annum.

The facility is currently undrawn, and the Company does not anticipate drawing down the facility in the near-term. The facility is available to be drawn down at any time until 30 January 2026 and has a maturity date of two years after first drawdown.

### **UPDATE ON STRATEGIC INITIATIVES**

BlueBet remains in strategic discussions with multiple third parties, retaining significant optionality due to its strong trading performance, existing cash reserves and new loan facility.

The Board remains committed to maximising value for BlueBet shareholders and will update the market in line with its ASX disclosure obligations.

### **USE OF IPO FUNDS**

The Company has the funding to achieve its strategic objectives and planned activities. The table below shows the use of funds from the date of admission to the ASX on 2 July 2021 to 31 December 2023.

<b>Use of IPO Funds 2 Jul 2021 to 31 December 2023</b>	<b>Amount allocated (\$m)</b>	<b>Amount utilised (\$m)</b>	<b>Commentary</b>
Marketing Spend in Australia	10.0	10.0	Fully utilised with additional marketing to be allocated through growth in the Australian business
Establish US business and acquire initial licences	30.0	20.6	In line with expectations
Technology and platform development	4.7	14.8	With the BlueBet Global Platform now largely complete, the bulk of the Company's technology investment has peaked, with a level of expenditure similar to Q2 FY24 expected moving forward
Costs of the Offer	5.3	5.4	All costs of the offer have been paid and the total was \$0.1m above the Prospectus value because of additional costs incurred following submission of the Prospectus
Proceeds to Existing Securityholders	30.0	30.0	In line with expectations
<b>TOTAL</b>	<b>80.0</b>	<b>80.8</b>	

## **AUTHORISATION**

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

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### **About BlueBet (ASX:BBT)**

BlueBet is an international online wagering provider and bookmaker listed on the Australian Stock Exchange, with operations in Australia and the United States. BlueBet is powered by a proprietary cloud-based technology platform which is highly scalable and enables BlueBet to scale rapidly, as well as offering the platform as a white-labelled technology solution for B2B partners. BlueBet's customer-facing websites and native apps have been developed using a mobile-first strategy, delivering a premium mobile user experience.

## **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's 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.

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