



ASX Announcement (ASX:BBT)

24 April 2024

Q3 FY24 Quarterly Activities Report, Appendix 4C & Business Update

BlueBet delivers maiden cash flow positive quarter since IPO as market share growth accelerates

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 March 2024 (**Q3 FY24** or **Q3**).

Highlights¹:

- **Accelerating growth and focus on profitability drove BlueBet's first cash flow positive quarter in Q3 since IPO**
- **Rapidly gaining market share, with record quarterly Q3 Turnover of \$151.6 million (+26.1%) and Active Customers up to 73,089 (+13.7%)**
- **Outperforming the market, with record Net Win of \$16.4 million (+36.7%) and strong Net Win margin of 10.8% (Australia 11.4%)**
- **Disciplined and efficient customer acquisition drives significantly improved Average Annual Customer Value to Cost per First Time Depositor ratio of 3.6x**
- **Significant strategic milestone in the US with maiden B2B Sportsbook partner secured in Ohio**
- **Transformational Proposed Merger with betr to create profitable, leading Australian wagering operator (announced post-Quarter end)**
- **Strong YTD performance enables Group to maintain IT and marketing spend and deliver cash flow neutral outcome in H2 FY24 (excluding one-off transaction costs relating to the Proposed Merger)**

BlueBet CEO Bill Richmond said:

"BlueBet reached a major milestone in Q3, with our first cash flow positive quarter since IPO, driven by accelerating growth and a strong focus on profitability, as we continue to rapidly gain market share and outperform the market in Australia and continue to scale the US.

"Earlier this month we announced a proposed merger with betr that on completion will be transformational for BlueBet, creating a leading Australian online wagering company. It will combine our best-in-class technology platform with betr's large and high-quality customer base, and we are excited about the potential to generate significant long-term value for BlueBet shareholders.

"In the US, we reached a major milestone, kicking off Stage 2 of our 'Capital-Lite' market entry with our maiden B2B sportsbook agreement in Ohio, while also taking first bets in our third B2C state of Louisiana.

¹ All comparisons relate to the prior corresponding period (PCP) unless otherwise stated

Looking ahead, we expect US expenditure to reduce significantly, and have also committed to undertake a strategic review of our US operations post completion of the merger to determine the best path forward.

“Due to our strong year-to-date performance, focus on profitability and expected operational and marketing efficiencies, the Group is on track to be cash flow neutral for the second half of FY24, excluding one-off costs in relation to the proposed merger. This is to be achieved even without the previously planned cost reduction initiatives which have not been enacted in anticipation of the betr transaction.”

GROUP PERFORMANCE

Group performance (A\$m) ²						
Key Metrics	Q3 FY24	Q3 FY23	vs. PCP	YTD FY24	YTD FY23	vs. PCP
Turnover ³	151.6	120.2	+26.1%	471.0	401.1	+17.4%
Gross Win ⁴	19.5	15.8	+23.4%	60.5	52.2	+15.9%
Gross Win Margin	12.9%	13.1%	-0.2pp	12.8%	13.0%	-0.2pp
Net Win ⁵	16.4	12.0	+36.7%	47.1	39.1	+20.5%
Net Win Margin	10.8%	10.0%	+0.8pp	10.0%	9.7%	+0.3pp

BlueBet delivered record quarterly Q3 Turnover of \$151.6 million, up 26.1% on the prior corresponding period (PCP), driven by continued market share gains in Australia and continuing to scale the US. Net Win was up 36.7% to a new quarterly record of \$16.4 million, with the Net Win margin expanding by 0.8pp to a strong 10.8%.

BlueBet’s market-leading technology continues to provide a platform for long-term growth and the Company’s focus now turns to completing key platform enhancements and pre-migration activity ahead of the completion of the betr transaction, which is expected to occur on 1 July 2024.

AUSTRALIAN BUSINESS

BlueBet Australia performance (A\$m) ²						
Key Metrics	Q3 FY24	Q3 FY23	vs. PCP	YTD FY24	YTD FY23	vs. PCP
Turnover ³	139.6	119.1	+17.2%	438.3	398.4	+10.0%
Gross Win ⁴	18.7	15.8	+18.4%	58.7	52.1	+12.7%
Gross Win Margin	13.4%	13.3%	+0.1pp	13.4%	13.1%	+0.3pp
Net Win ⁵	15.9	12.0	+32.5%	46.6	39.2	+18.9%
Net Win Margin	11.4%	10.1%	+1.3pp	10.6%	9.9%	+0.7pp
No. Active Customers ⁶	67,732	63,118	+7.3%			
Key Metrics by Qtr.	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q3 vs. PCP	YTD FY24
Turnover ³	143.9	154.8	139.6		+17.2%	438.3
Gross Win ⁴	18.8	21.1	18.7		+18.4%	58.7
Gross Win Margin	13.1%	13.7%	13.4%		+0.1pp	13.4%
Net Win ⁵	14.5	16.2	15.9		+32.5%	46.6
Net Win Margin	10.1%	10.5%	11.4%		+1.3pp	10.6%

² Unaudited and in Australian dollars unless otherwise stated

³ Turnover is the dollar amount wagered by customers before any winnings are paid out or losses incurred

⁴ 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

⁵ 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)

⁶ Customers that have placed a cash bet in the 12 months preceding the relevant period end date

BlueBet's momentum in Australia accelerated in Q3, as the business continues to gain market share and outperform the market.

Active Customers were up 7.3% to 67,732, with Turnover up 17.2% to \$139.6 million and Net Win up 32.5% to \$15.9 million, with the strong Net Win margin of 11.4% up 1.3pp on PCP.

As average Annual Customer value increased by 10.2% to \$908, ongoing marketing efficiencies and BlueBet's focus on profitability drove a 19.2% improvement in Cost per First Time Depositor (CFTD) to \$250, representing an attractive ratio of 3.6x.

US BUSINESS

The strength of BlueBet's proprietary technology platform continues to underpin the Company's expansion in the US. Product enhancements delivered in the quarter contributed to margin improvement in both Iowa and Colorado, as ClutchBet went live in its third US B2C state of Louisiana in January 2024.

BlueBet's market-leading technology remains a key selling point for potential US B2B partners. In March, the Company reached a significant strategic milestone in the US, kicking off stage two of its 'Capital-Lite' US market entry by signing its maiden B2B Sportsbook agreement in the state of Ohio. The agreement with Green Savoree Mid-Ohio, LLC (Mid-Ohio), will see BlueBet deploy its white-labelled Sportsbook-as-a-Solution on its scalable technology platform.

With the BlueBet Global Platform approved by GLI⁷ during the quarter, ahead of deployment in Q4, and no further B2C market launches planned, a significant reduction in US expenditure is expected going forward.

BlueBet has committed to undertake a strategic review of its US operations post completion of the Proposed Merger with betr to determine the best path forward and will keep the market informed of relevant developments.

CASH FLOW

- The Group delivered its first cash flow positive quarter since IPO and is on track to be cashflow neutral in H2 FY24, excluding one-off transaction costs in relation to the Proposed Merger. This is expected to be achieved even without the previously planned cost reduction initiatives which were not enacted in anticipation of the betr transaction.
- At 31 March 2024, the Company's cash balance was \$9.9 million, including customer deposits of \$4.9 million.
- Net Win from customers for Q3 FY24 totalled \$16.4 million.
- Net cash from operating activities in the quarter ended 31 March 2024 was an inflow \$1.3 million, which was split \$2.4 million generated from the Australian business (including corporate costs) and offset by \$1.1 million invested in the US.
- Cash outflows during the quarter included cost of sales of \$5.6 million, staff costs of \$3.6 million, marketing costs of \$2.7 million, and administration and corporate costs (including GST on Australian Net Win) of \$3.4 million.
- Net cash used in investing activities in Q3 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 as BlueBet focuses on pre-migration activities.
- Payments to related parties totalled \$0.2 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.

⁷ Gaming Labs International.

- As of 31 March 2024, BlueBet has fulfilled all commitments in relation to the use of funds from its IPO disclosed in the prospectus dated 8 June 2021.

BLUEBET ANNOUNCES TRANSFORMATIONAL MERGER WITH BETR

Post quarter end, BlueBet announced a transformational proposed merger with betr, which will create a leading Australian online wagering company. This will deliver to BlueBet increased scale, market share, significant operational synergies and a platform for further organic and inorganic growth. Completion is subject to a number of conditions precedent which were outlined in the Company's ASX announcement on 11 April 2024.

In addition, BlueBet announced it was also undertaking a fully underwritten two-tranche conditional placement to raise gross proceeds of approximately \$20.0 million (Placement) to fund operational and strategic growth initiatives of the combined business and one-off synergy realisation and transaction costs. The placement was successfully completed on 12 April 2024, attracting strong interest from institutions and sophisticated investors, with demand well in excess of the shares available to allocate. Settlement of the first tranche occurred on 19 April 2024.

See below for key remaining dates relating to the Proposed Merger and the Placement.

Key Dates

Event	Date (Sydney time)
General Meeting to approve Tranche Two of the Placement and the Consideration Shares to be issued under the Proposed Merger	Late May 2024
Settlement of Tranche Two of the Placement	Late May 2024
Allotment and normal trading of New Shares issued under Tranche Two of the Placement	Late May 2024
Anticipated Date for Completion of the Proposed Merger	Monday, 1 July 2024

This timetable is indicative only and may change without notice at the Company's discretion or subject to the requirements of the ASX Listing Rules and Corporations Act.

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.