

To our shareholders:

BetTube Corporation Ltd (BetTube) completed its first full year of trading as a sports bookmaker in Australia as we launched a betting brand into the most competitive betting market in the world. We acquired Clients, serviced Clients, grew to 63 employees and reported a positive EBIT for our trading entity and introduced “Bet Right”. In addition, we listed on the National Stock Exchange in an exercise where we completed the entire task in-house.

In drafting this letter, I found it impossible not to reference Jeff Bezos’ letter to Amazon shareholders in 1997. This is not because BetTube can be compared to Amazon, but just as many companies fashion their structure and operations based on management theory of the time, such as the Toyota way, BetTube is taking learnings from Amazon.

So unashamedly, there are sections of this BetTube Shareholder letter that reference Amazon’s Shareholder letter of 1997.

To paraphrase Jeff Bezos, this is Day 1 for our company as we strive to provide a new form of sports betting entertainment platform that has at its heart, “Client obsession”. Today, the internet has created an environment for consumers to save money and precious time. Entertainment platforms, e-commerce sites and ride share companies have made massive advancements through personalisation and have accelerated the very process of discovery of new products and services. These companies have done so to advance value and convenience to their customers. We believe the betting industry, on the whole, has not kept pace with other industries and we see this as BetTube’s long term opportunity.

BetTube was created because we have observed that the industry that strayed from the origins of competitive bookmaking, which once proudly delivered the best possible price and service to Clients in open and transparent markets. Now the major players focus on extracting “value” out of Clients, rather than providing Clients with value. BetTube will use technology and data to create real value for its Clients, and, by doing so, hopes to create an enduring franchise, even in established and large markets.

An opportunity exists as larger players (and any potential contenders) saturate media through ad spend and sport sponsorship. Sportsbet, Ladbrokes and TABCORP lead the market, they are great companies and all have great products, and that is what they do. At BetTube we ask the question, how does ad spend and sponsorship enhance the Client experience?

Marketing spend does not enhance a Client’s experience, it does not lead to better prices, and doesn’t lead to better Client outcomes. At the other end of the spectrum, new small players come to market and adopt the same high acquisition cost model, only to disappoint Clients with inferior product ranges, inferior functionality and inferior pricing. and thus creating bad Client experience.

BetTube will do the opposite.

As others vie for attention by putting Client acquisition above Client experience, we are creating an infrastructure that delivers better outcomes for Clients based on price, service, range and product.

Our goal is to move efficiently to build out and commercial apply our infrastructure with an emphasis on Client experience, product and price. As we build on our modest start, we are also pursuing other opportunities to commercialise our infrastructure and unique regulatory capabilities. We see substantial opportunities in other markets we are targeting. This strategy is not without risk; it requires serious investment and crisp execution against established market leaders.

*It's All About the Long Term*¹

Jeff Bezos in in 1997 Amazon Shareholder letter clearly set the tone for an investment in Amazon. “We believe that a fundamental measure of our success will be the shareholder value we create over the *long term*.” It is impossible for us to dispute this statement and BetTube is all about the **long term**.

Shareholder value will be dependent on our ability to capitalise on the start we have had and extend our current market position to a leadership position. While we have just begun, it is apparent that the stronger our market leadership, the more powerful our economic model will become. Market leadership can translate directly to higher revenue, higher profitability, and correspondingly stronger returns on invested capital.²

All of our decisions are focused on the long term. We value strategic planning over tactical decisions. Short term gains that do not translate to long term benefits will not be pursued. We have invested, and will continue to invest aggressively, to expand and leverage our Client base, brand, and infrastructure.

The infrastructure we have built in the last 2 years is highly scalable. The investment has been in developing our own intellectual property in platform development, trading and, most of all, data. The groundwork has been laid and we have a sustainable fixed cost base to take on significantly more turnover and activity.

BetTube is focused on long-term shareholder growth and therefore, we may make decisions and balance outcomes differently than other companies. We want to share with you our fundamental management and decision-making approach so that you, our shareholders, may confirm that it is consistent with your investment philosophy.

Those of you familiar with Amazon will recognise the below tenets. Jeff Bezos recorded these in the first published letter to shareholders in 1997. We considered how to adapt these to better fit BetTube’s situation and circumstance. It has been impossible to delineate between the philosophy of BetTube and that laid down by Amazon, as it had been a major influence. The below tenets are intentionally identical to those laid out by Jeff Bezos in 1997.

¹ Heading taken from Amazon.com 1997 Shareholder letter

² Largely a quote from Amazon.com 1997 Shareholder letter, equally applicable to BetTube.

BetTube will continue unwaveringly to focus relentlessly on our Clients.

- We will continue to make investment decisions in the light of long-term market leadership considerations rather than short-term profitability considerations or short-term stock market reactions.
- We will continue to measure our programs and the effectiveness of our investments analytically, to jettison those that do not provide acceptable returns, and to step up our investment in those that work best. We will continue to learn from both our successes and our failures.
- We will make bold rather than timid investment decisions where we see a sufficient probability of gaining market leadership advantages. Some of these investments will pay off, others will fail, and we will have learned another valuable lesson in either case.
- When forced to choose between optimising the appearance of our IFRS accounting and maximizing the present value of future cash flows, we'll take the cash flows.
- We will share our strategic thought processes with you when we make bold choices (to the extent that competitive pressures allow), so that you may evaluate for yourselves whether we are making the right long-term leadership investments.
- We will work hard to spend wisely and maintain our lean culture. We understand the importance of continually reinforcing a cost-conscious culture, particularly if we are incurring net losses.
- We will balance our focus on growth with emphasis on long-term profitability and capital management. At this stage, we choose to prioritise growth because we believe that scale is central to achieving the potential of our business model.
- We will continue to focus on hiring and retaining versatile and talented employees and continue to weight their compensation to stock options rather than cash. We know our success will largely be affected by our ability to attract and retain a motivated employee base, each of whom must think like, and therefore must actually be, an owner.³

Like Bezos declared in 1997, we aren't going to herald our approach as the "right" investment philosophy but wish to make it clear to our shareholders that it is our investment philosophy and one that we will continue to maintain. Now that our shares are publicly traded, if our long-term approach to the growth of shareholder value is not one that you share, you have an open market for you to trade out of your investment.

As we have now explained our philosophy, we will proceed to provide a review of progress in 2022.

Obsess Over Clients

From the beginning, our focus has been on offering our Clients value. "Value" is something the current betting public require a re-education on. For us it is simple. Our platform must strive to deliver the best prices in the market. Value extends to saving a Client's time from having to shop around to get the highest return possible on their bets.

³ Substantial the same as appeared in Amazon Shareholder letter 1997.

While at the same time giving them products and Client experience that is better if not at least comparable to the biggest in the market. And that is hard. It would be far easier to copy Sportsbet, Ladbrokes, et al. To lead, we must differentiate and be differentiated.

Ensuring prices are the best in the market is difficult as we must also maintain risk parameters that correspond to our current liquidity. We constantly monitor prices to provide value to Clients. Word of mouth remains the most powerful Client acquisition tool we have, and we are grateful for the trust our Clients have placed in us. Repeat patronage and word of mouth have combined in our first year to deliver cost of acquisition at a fraction of industry averages.

BetTube's first year of operation yielded the following results and highlights:

Financial Matters

- Turnover of more than \$280m in first full year of trading.
- Revenue of \$20m (after promotions given).
- Margin (after promotions) of 7.2%.
- Net Receipts from Clients of \$11.1m.
- Marketing and Advertising expenses of \$0.521m.
- Group loss of \$408k.
- Trading entity EBIT of \$1.1m.
- NSX listing cost of less than \$80k (all done internally).
- Cash at bank of \$11.1m at year's end.

Client-facing Milestones

- Leveraging the New Payments Platform (NPP) via PayID (an experience Clients are familiar with through other interactions in their lives), allowing Clients near instant use of their deposited funds without using credit cards.
- Introduction of fast withdrawals, providing Clients with access to their withdrawn funds twice daily within seconds, 365 days a year.
- Expansion of the Same Game Multi product (beyond NBA, NRL and AFL which were available at launch) into additional sports including soccer, baseball, American football and cricket.
- LOOT bonusing system distinct and differentiated from the rest of the market.
- Focus on client communications and alternatives to email and SMS by increasing usage of app push notifications across, which provide clients with greater visibility of updates to their account and their upcoming favourite racing runners. This demonstrates increased interactions over time.
- Addition of Next Up sports feature, allowing Clients to quickly find the upcoming sport events, a functionality that has been interacted with by 95% of logged-in Clients.
- Racing and Sports expert comments and tips to assist Clients in their racing betting decisions.

Infrastructure

BetTube is in a building phase. We worked hard to expand our platform infrastructure to support increased Client activity and service levels far above the current industry levels:

- BetTube's employee base grew from 36 to 63, and we significantly strengthened Client service, platform development, product and data teams.
- Significant investment poured into new technologies (new and better site and apps yet to be released) to provide platforms that allow tailored experiences for Clients.
- The creation of easily flexible and adaptable platforms, providing teams the ability to quickly leverage product and data insights to pivot and adjust Client experience.
- Commenced building of data lake infrastructure on Azure with all IP internally owned,
- Secured rights to forward licence the platform to allow expansion into new jurisdictions in the form of a Platform as a Service.

Our Employees

It has been a pleasure to be part of a predominantly young dynamic team that shares my passion for being different. BetTube is nothing without our people. The team we have built is a talented, smart, hard-working group, and I am honoured to be a part of this team. We have set a high bar in approaching staff recruitment and focused on experience outside the wagering industry which brings in fresh new ideas in order test and challenge the wealth of incumbent experience in senior management. Recruiting and retaining high quality employees that share our vision is paramount to BetTube's success. We will continue to invest in our people, and they will remain our most important investment.

Goals for 2023

To continue to Build.

Significant research and development are being expended on new Client interfaces using new technologies as well as AI/machine learning to create algorithms central to our Client Obsession.

We are focused on being a low-cost operator that emphasises price, service and convenience to our Clients which translates to better value for them.

We are planning to add new products, services (some not normally associated with traditional bookmaking) and functionality that over time we believe may be prudent investments.

We know we have much to learn from companies that transformed their industries through disruption and innovation. As part of the team from Sportingbet, I was involved in the disruption of the TABs in the 2000s, and hence know we still have so much more to learn. We will take our learnings from all industries and not narrow our thinking to only betting and the wagering industry. BetTube is now looking to innovate and disrupt great

companies in this space like Flutter and Entain who set extremely high standards. While we are optimistic, we will remain vigilant and maintain a sense of urgency.

2022 was indeed an incredible year. We owe thanks and gratitude to our shareholders for their understanding, continued support and encouragement, our fellow BetTubers for all the hard work and, last but not least, to our Clients who decided to give us a chance in this highly competitive market.

How we bet now.

A handwritten signature in black ink, appearing to read 'A Waller', with a long horizontal flourish extending to the right.

Anthony Waller
Chair, CEO & Legal Counsel
September 2022