

# Strategic Acquisition and Capital Raising

BetMakers Technology Group –  
ASX: BET



**BetMakers**

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# Transaction Summary and Strategic Rationale

# Transaction Summary



Transaction details	<p>BetMakers Technology Group (<b>BetMakers</b>) has entered into a binding agreement to acquire (<b>the Acquisition</b>) certain divisions of Sportech PLC (<b>Sportech</b>).</p> <p>The Sportech divisions will be acquired on a cash-free, debt free basis and includes Sportech's:</p> <ul style="list-style-type: none"><li>• Tote business (USA, Latin America, UK and Europe) - which provides B2B hardware, software, support, race day controls and parimutuel pool interfacing and co-mingling to racetracks, casinos and other venues;</li><li>• Americas Digital business - which provides white label B2B digital betting solutions to Advanced Deposit Wagering / Online Racing Bookmaker operators; and</li><li>• Tote software engine known as 'Quantum'.</li></ul> <p>together the "<b>Tote and Digital Business</b>".</p> <p>The consideration payable by BetMakers for the Acquisition is \$56.2m<sup>1</sup> (being £30.9m) (<b>Purchase Price</b>).<sup>2</sup> The Acquisition is subject to approval by Sportech's shareholders. A meeting of Sportech's shareholders is expected to occur on or around the week commencing 21 December 2020 (<b>Meeting</b>). Sportech's Board has agreed to recommend that shareholders approve the Acquisition.</p> <p>If the Acquisition is approved, BetMakers will pay Sportech \$11.2m<sup>1</sup> (being £6.2m). The balance of the Purchase Price, which is \$45m<sup>1</sup> (£24.7m), will be payable upon completion of the Acquisition. Further detail regarding the terms of the Acquisition is set out on slide 31.</p> <p>BetMakers expects to derive strong growth from the Tote and Digital Business, including from the significant synergy and cross-sell opportunities that become available from the combination with BetMakers' existing operations. On a pro-forma basis for FY20, the Tote and Digital Business combined with BetMakers existing operations (<b>the Combined Business</b>) would have delivered \$56.1 million in revenue and \$7.7 million EBITDA.</p>
Tote and Digital Business overview	<p>The Acquisition is highly strategic and is expected to accelerate BetMakers' international expansion, particularly into the US. The Acquisition provides BetMakers with a global footprint, access to a significant number of new customers and expands BetMakers' existing product offering to include Tote services and betting hardware.</p> <p>The Acquisition provides BetMakers with a significantly expanded global customer network, including:</p> <ul style="list-style-type: none"><li>• contracts with over 95 new tote customers and over 200 racetracks and venues.</li><li>• over 25 service agreements for white label digital betting platform solutions via the Americas digital business.</li></ul> <p>The Tote and Digital Business generated \$46.9 million in revenue and \$6.9 million EBITDA in FY20.</p> <p>It is expected that key management staff will continue to work within the Tote and Digital Business after the transaction.</p>
Transaction funding	<p>The Acquisition will be funded by a combination of existing cash and a ~\$50 million fully underwritten placement (<b>Placement</b>). The settlement of the Placement is conditional on the Acquisition being approved at the Meeting, and will occur prior to the completion of the Acquisition. In conjunction with the Placement, BetMakers will undertake a Share Purchase Plan (<b>SPP</b>) to raise up to an additional ~\$10 million.</p> <p>Approximately 83.3 million new fully paid ordinary shares in BetMakers (<b>New Shares</b>) will be issued under the Placement at \$0.60 per share, representing approximately 13.9% of BetMakers' current shares on issue.</p>

1. Conversion to AUD based on exchange rate of 1.82 AUD to GBP. The sale and purchase agreement requires BetMakers to pay the Purchase Price in GBP

2. Purchase price is not inclusive of any transaction related taxes (e.g. VAT, stamp duty or any other taxes).

# Strategic Rationale



**The Acquisition is expected to accelerate BetMakers' US expansion and transform the Company into a global player in B2B betting and racing technologies across both fixed odds and tote products**

## Transformational acquisition

On a pro-forma basis for FY20, the Tote and Digital Business combined with BetMakers existing operations (Combined Businesses) would have delivered \$56.1m revenue and \$7.7m EBITDA (compared with BetMakers' stand-alone basis of \$9.2m revenue and \$0.8m EBITDA).

BetMakers expect to derive strong growth from the Tote and Digital Business, including from the significant synergy and cross-sell opportunities that become available from the combination with the existing BetMakers' business.

## Accelerates BetMakers' US expansion

Following the Acquisition, BetMakers will operate in 36 US states and more than 200 venues. The US Tote and Digital Business handles over \$3.5 billion in turnover each year across more than 9,000 self-service and retail betting terminals and over 25 Advance Deposit Wagering / Online Racing Bookmaker digital outlets.

## Significantly expanded global customer base

The Acquisition provides BetMakers with a significantly expanded global customer base providing opportunities to leverage scale for synergies and product innovation.

- The Americas and UK / European tote businesses includes contracts with over 95 new customers including over 200 racetracks, venues and racing bodies
- The Americas Digital business includes over 25 service agreements for white label digital betting platform solutions

## Expands product offering

The Acquisition aims to provide BetMakers with an opportunity to expand into the betting hardware and venue service markets at scale, with established relationships and a strong product offering.

BetMakers will be able to provide customers with end-to-end betting solutions including hardware, software, data, content, race day controls, trading and risk management and CRM and account management.

## Global licensing footprint

The Tote and Digital Business operates in many different regulated jurisdictions, holding 45 gaming, technology and service licences from over 40 licensing and regulatory authorities.

The Tote and Digital Business has a strong history of regulatory compliance in all licensed jurisdictions.



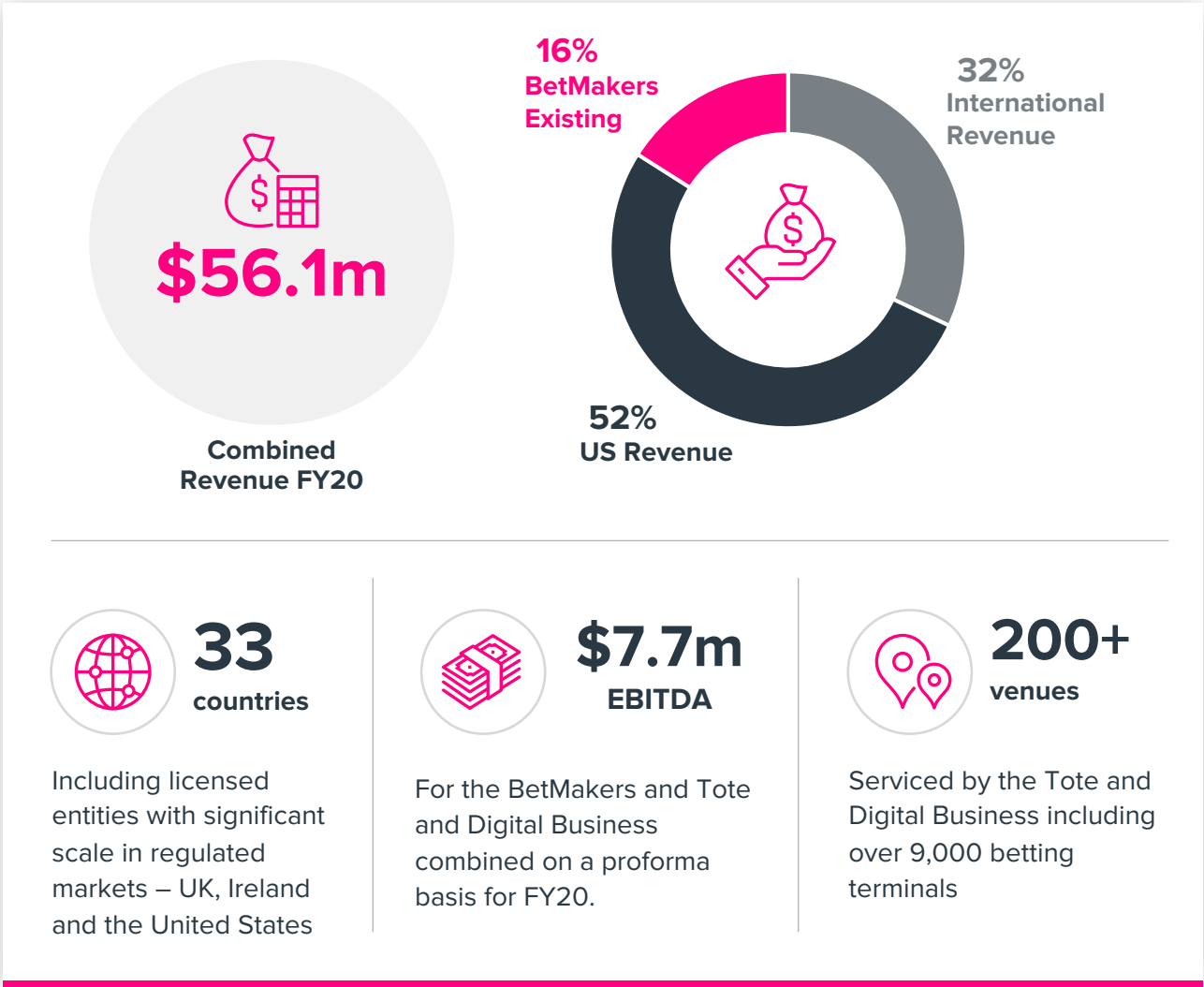
# Combined Business Overview

The Acquisition is expected to create a global wagering technology business, enhancing BetMakers’ financial profile and providing an increased US footprint

Through the acquisition, BetMakers will acquire:

- **Americas Tote** – betting solutions, hardware and operational services to over 200 racetrack, casino and betting venues to greater than 50 customers across the United States, Canada and Latin America
- **Americas Digital** – white-label digital betting solutions to over 25 customers in North America across web-based, native iOS and Android platforms
- **UK / European Tote** – betting technology, parimutuel and co-mingling services to over 35 customers across the UK, Ireland, Europe and Asia including services to greyhound racetracks and authorities in the UK and Ireland
- **Quantum™** – a world leading tote betting engine capable of handling extreme demand conditions in the world, including events such as the Breeders’ Cup (US) and Royal Ascot (UK) race meetings.

It is expected that key management staff will continue to work within the Tote and Digital Business after the transaction.



# Combined Business Strategic Opportunities



## Platform Unification

Future opportunity to consolidate the technology platforms

It is anticipated that platform unification would:

- Deliver a range of cost and revenue synergies;
- Increase the range of products and services available to the combined business' customers;
- Provide innovation, research and development opportunities and allow all customers to benefit from a singular pipeline of product development;
- Deliver an improved race day control platform; and
- Increase security, integrity, stability, capacity and redundancy across all platforms.



## Cross-Sell Opportunities

The acquisition of the Tote and Digital Business provides an opportunity to expand the product and service offering currently provided to customers through access to the suite of products provided by BetMakers, including:

- Distribution of Fixed Odds;
- Managed Trading Solutions;
- Risk management;
- Racing form and content; and
- Digital streaming of live racing vision.



## Expansion of Product and Services

The Tote and Digital Business allows BetMakers to expand its internal capability, global relationships and product offering.

BetMakers will be the beneficiary of:

- Experience in hardware sourcing, development, management, maintenance and roll-out;
- A broad range of customer, supplier and regulator relationships in jurisdictions in which BetMakers does not currently operate; and
- Access to a broad range of content and data feeds that BetMakers is not currently able to access.



## Content and Rights Opportunities

An expanded global footprint including increased scale in the US, UK and Europe has BetMakers well placed to expand its content and rights offering.

This acquisition presents BetMakers as a credible international distribution agent of racing and sporting content (including broadcast vision).

# Combined Business

## Global Footprint

### Tote and Digital Business

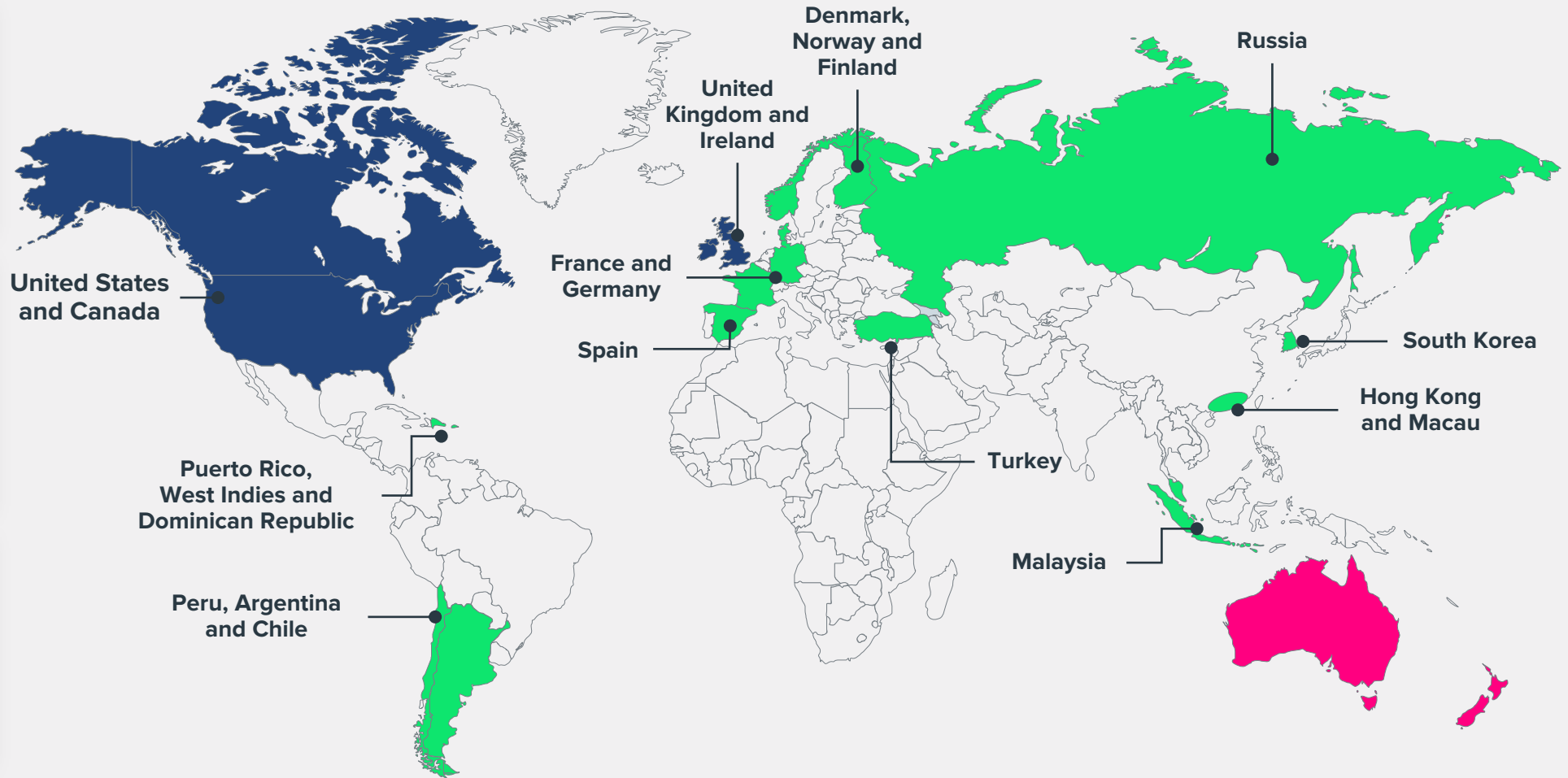
Geographies in which the Tote and Digital Business currently operates.

### BM Combined Business

Geographies in which BetMakers currently operates but is gaining meaningful scale through the acquisition of the Tote and Digital Business.

### BM BetMakers

Geographies in which BetMakers currently operates.



## Combined Business

# Opportunity to accelerate US growth

The acquisition of the Tote and Digital Business provides BetMakers with a meaningful increase of scale in the United States.

The Tote and Digital Business services over 200 venues in the United States and in 36 states providing retail, tote and digital betting solutions.

As the US racing market works toward legislating fixed odds betting, BetMakers will be in a position to roll out fixed odds betting products and Managed Trading Solutions to the Tote and Digital Business' US customers and venues.

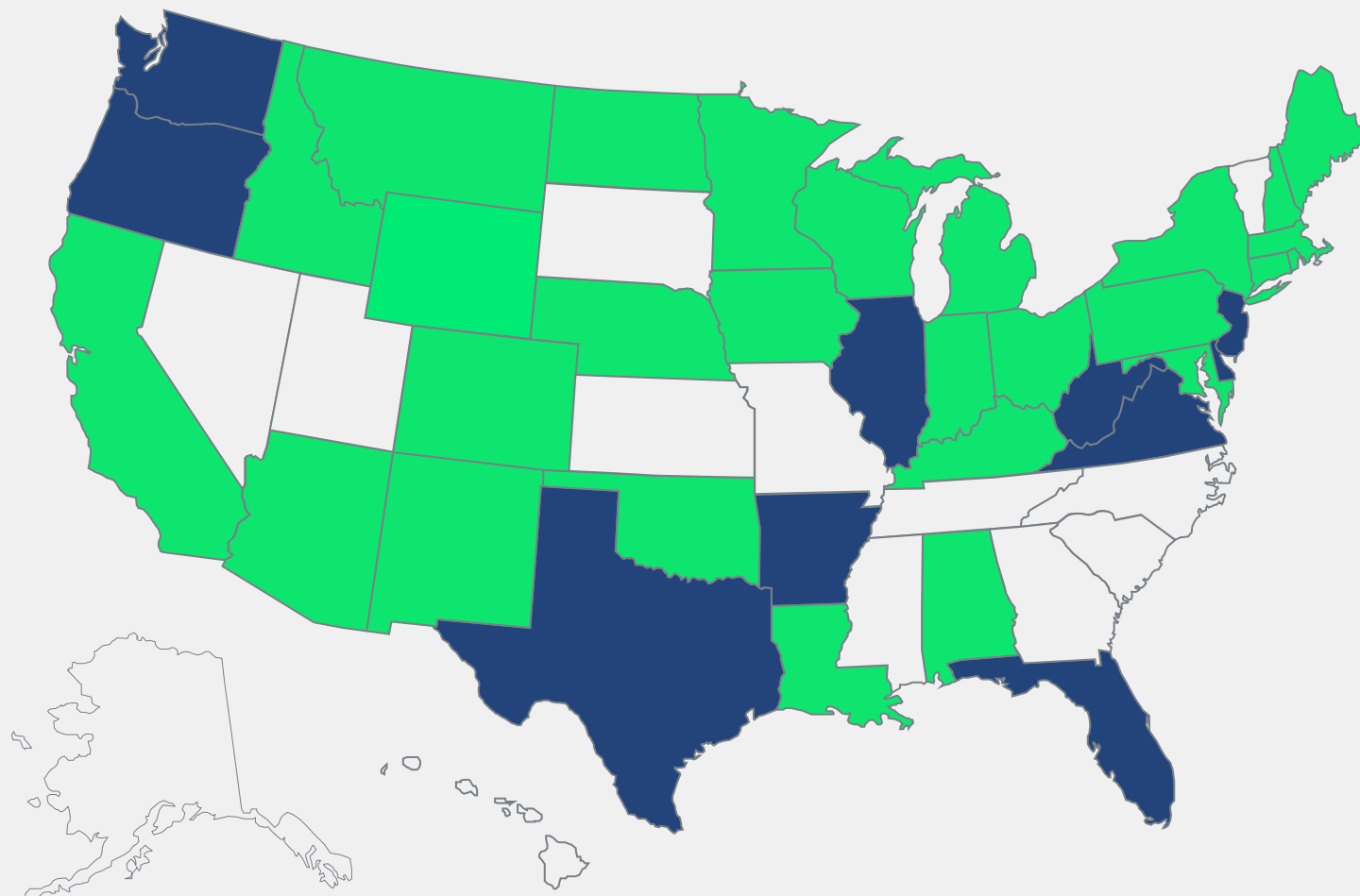
This presents as a material growth opportunity and a key strategic driver behind the acquisition of the Tote and Digital Business.

### Tote and Digital Business

Geographies in which the Tote and Digital Business currently operates.

### Combined Business

Geographies in which BetMakers currently operates but is gaining scale through the acquisition of the Tote and Digital Business.



# Combined Business Tech and Product Suite

BetMakers will be well positioned to deliver the full-suite of B2B racing and betting technology products

## Tote and Digital Business

### Retail Betting Solutions and Hardware

- Self-Service Betting Terminals
- POS Betting Terminals
- Research and Development
- Venue Infrastructure

### Quantum Data and Operations Centre

- Data Storage
- Tote Network Architecture and Management
- Race Day Operations
- Customer Website, App and CRM Hosting

### Field Operations and Customer Support

- Betting Terminal Installation
- POS and Customer Service
- Maintenance
- Service Support

## Combined Business

### Tote Engines

- Global Tote
- Quantum <sup>TM</sup>

### Digital Betting Solutions

- White-Label Wagering Platforms
- Pooled Betting Solutions
- Official Price Management
- Native Mobile Applications
- CRM and Account Management

### Race Day Controls

- Race Day Control Platform
- Integrity Platform
- Official Price Monitoring

## BetMakers

### Managed Trading Solutions

- Managed Trading Services
- Price Manager
- Race Day Management
- Risk Management Solutions

### Data and Content

- Global Racing Network
- Data Distribution Platform
- Digital Streaming Solutions for live racing vision

### Odds Comparison and Pro-Punting Tools

- Odds Comparison
- Fluctuations and Price Alerts
- Racing Form and Content





**BetMakers**

# ———— Acquisition Overview ————

## Acquisition

# Key Investment Highlights



### Global leader in tote and betting technology services

- The Tote and Digital Business provides betting software, hardware and service solutions to over 150 clients in over 30 countries.
- The businesses' proprietary technologies have the capacity to handle betting transactions at scale and speed.



### Expansion of BetMakers' product and service offering

- Opportunity to expand its offering in the betting hardware and venue service markets at scale, with established relationships and an expanded product offering.
- Ability to provide customers with end-to-end betting solutions including hardware, software, data, content, race day controls, trading and risk management and CRM and account management.



### Complementary client base

- The acquisition of the Tote and Digital Business provides BetMakers with a significantly expanded global customer base and provides opportunities to leverage scale for synergies, product innovation and speed-to-market efficiencies in deployment.



### Scale in the United States

- The Tote and Digital Business handles over \$2.7 billion USD each year in transactions and operates in 36 US states, across more than 200 venues, 25 digital wagering outlets and 9,000 betting terminals.
- The Acquisition provides a significant opportunity for BetMakers to offer an expanded suite of products to these customers, including fixed odds betting products and Managed Trading Solutions.



### Licensed and regulated

- The Tote and Digital Business operates in the world's most regulated jurisdictions and hold 45 gaming, technology and service licences from over 40 licensing and regulatory authorities.
- The Tote and Digital Business has a strong history of regulatory compliance in all licensed jurisdictions.



### Financially attractive

- The Tote and Digital Business has a strong and stable revenue business with an established history of performance.
- The Acquisition presents as an opportunity for expansion of the BetMakers business, at an attractive multiple.

# Acquisition

## Assets to be acquired

### Americas Tote

The **Americas Tote** business provides betting technology, service solutions, hardware and parimutuel and co-mingling services to customers across the US, Canada and Latin America.

The Americas Tote business includes:

- Over 70 customer contracts providing betting solutions, hardware and operational services to 200+ racetrack, casino and betting venues;
- A specialist Field Operations team who provide on-site installation and day-to-day operational support to customers; and
- The Global Quantum Data and Operations Centre in New Jersey which provides hosting, settlement, co-mingling and parimutuel pool management to the Tote and Digital Business' customers worldwide.

### Americas Digital

The **Americas Digital** business is one of the largest providers of B2B digital betting solutions in the United States.

The Americas Digital business includes over 25 service agreements for white label digital betting platform solutions, including:

- Websites and native iOS and android apps;
- Call centre customer support;
- Banking integration;
- Access to a multi-jurisdictional hub licence (and betting products); and
- Administrative, CRM and rewards tools to drive customer engagement.

### UK / European Tote

The **UK / European Tote** business provides betting technology, parimutuel and co-mingling services to customers across the UK, Ireland, Europe and Asia.

The European Tote business includes:

- 22 tote technology services contracts with a range of customers across the UK and Europe;
- 15 tote interface agreements with major tote providers including the UK Tote Group, Veikkaus (Finland) and Racecourse Media Group (UK / Ireland).
- Over 20 global tote co-mingling connections including PGI, PMU, Tabcorp and Hong Kong Jockey Club.
- Expansive coverage of UK and Irish greyhounds through formal arrangements with the Irish Greyhound Board and various parimutuel and co-mingling service agreements.

### Quantum™ Tote Engine

Quantum™ is a proprietary tote engine and is one of the world's most widely deployed parimutuel betting software solutions, supporting large, complex, distributed wagering operations across the Americas, Europe, and Asia. Quantum™ has been used to handle some of the most extreme demand conditions in the world, including events such as the Breeders' Cup (US) and Royal Ascot (UK) race meetings.

### Offices

- Bristol, UK
- Athlone, Ireland
- Atlanta, USA
- New Jersey, USA
- Paris, France
- Hamburg, Germany
- Istanbul, Turkey

# Acquisition

## Combined Financials

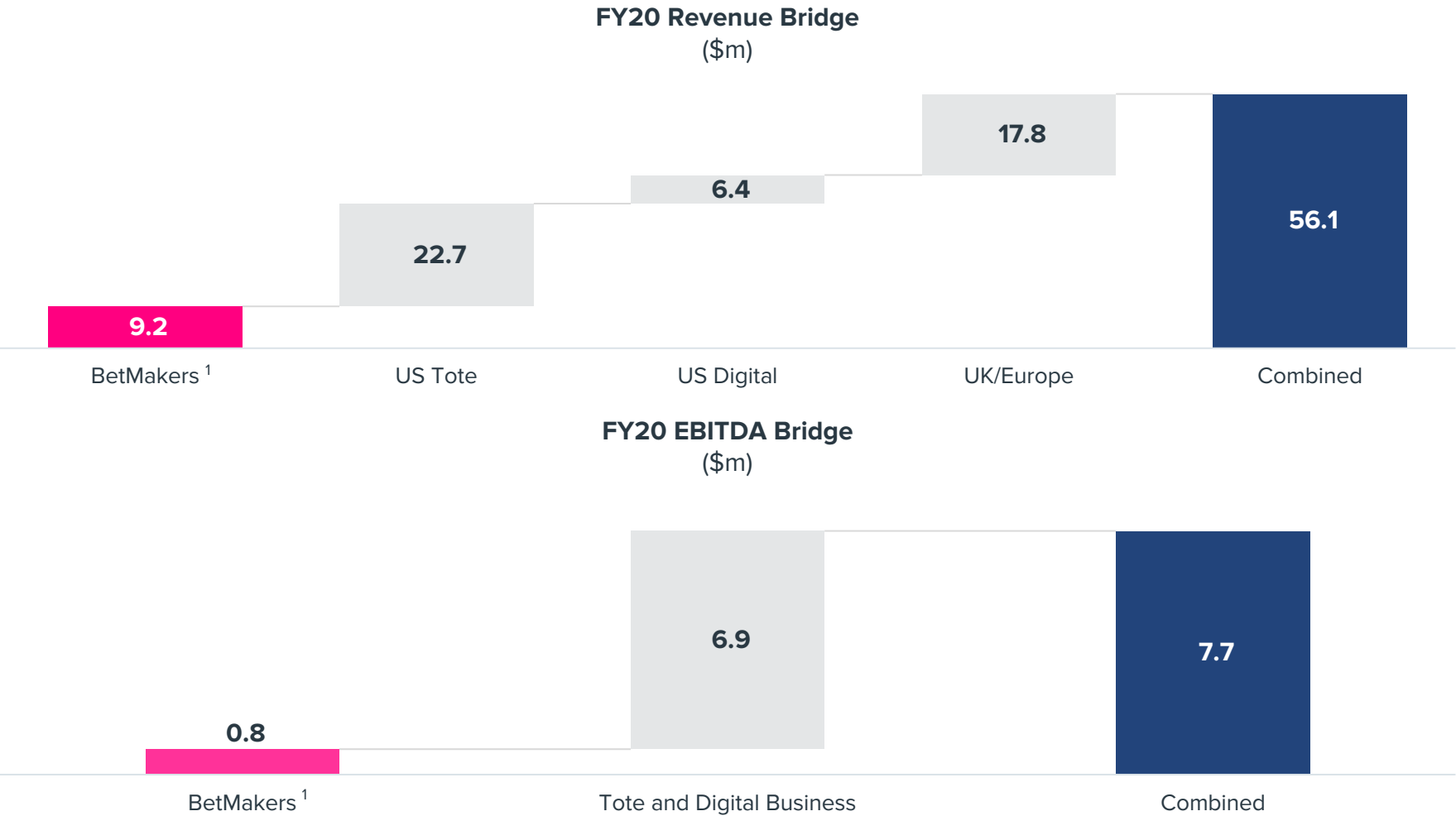
The Acquisition will meaningfully increase BetMakers' revenue base and profitability

The Acquisition will result in:

- Proforma Revenue in FY20 growing by +510%
- Proforma EBITDA in FY20 growing by +863%

The resulting scale benefits in the US will provide the means to capitalise on future changes in the US market.

FY20 Revenue and EBITDA figures do not include any adjustments for synergies or improvements that may result after integration of the Tote and Digital Business.



<sup>1</sup> BetMakers Investor Presentation FY2020; ASX Published 26 August 2020  
FX Rates Used Above – USD/AUD: 1.37, GBP/AUD: 1.78



# ———— Equity Raising Overview ————



# Equity Raising Overview

## Offer Structure

- \$50 million fully underwritten placement (**Placement**)
- Approximately 83.3 million new fully paid ordinary shares in BetMakers (**New Shares**) to be issued under the Placement representing approximately 13.9% of existing BetMakers shares on issue

## Offer Price

Shares in the Placement will be issued at a fixed price of \$0.60 per New Share (**Offer Price**)

The Offer Price represents:

- 9.1% discount to the last traded price of \$0.66 on Monday, 30 November 2020
- 6.6% discount to the five trading day volume weighted average price of \$0.64 on Monday, 30 November 2020

## Underwriting

- The Offer is fully underwritten by Canaccord Genuity (Australia) Limited
- A summary of the underwriting agreement is provided in Appendix B

## Ranking

New shares issued under the Equity Raising will rank equally in all respects with BetMakers existing ordinary shares

## Conditions

- The Placement is conditional upon approval of the Acquisition by Sportech's shareholders.
- A meeting of Sportech's shareholders is expected to occur on or around the week commencing 21 December 2020.

## Share Purchase Plan

- BetMakers will offer eligible Australian and New Zealand shareholders the opportunity to acquire up to \$30,000 in New Shares via a Share Purchase Plan (**SPP**)
- The issue price for New Shares issued under the SPP will be the same price as the Placement
- The SPP will be capped at \$10m, may be subject to scale back and is not underwritten
- No brokerage or transaction costs are payable for New Shares issued under the SPP
- New Shares issued via the SPP will rank equally with existing New Shares from the date of issue
- An SPP Offer Booklet containing further details of the SPP offer will be sent to eligible shareholders following settlement of the Placement

# Transaction Funding

Transaction sources of funds	\$m
Existing cash <sup>1</sup>	\$32.8m
Cash proceeds from Placement	\$50.0m
Cash proceeds from SPP	\$0 - \$10.0m
<b>Total</b>	<b>\$82.8m - \$92.8m</b>

Transaction uses of funds	\$m
Acquisition price	\$56.2m
Working capital <sup>2</sup>	\$26.6m - \$36.6m
<b>Total</b>	<b>\$82.8m - \$92.8m</b>

1. As at 30 September 2020.

2. Exclusive of transaction costs, taxes, and normalised working capital balance of the Tote and Digital Business assumed in the Acquisition.

# Equity Raising Timetable

Event	Date
Record Date	7pm AEDT, Monday, 30 November 2020
Announcement of Placement	Tuesday, 1 December 2020
Placement closes	Tuesday, 1 December 2020
Trading halt lifted and shares recommence trading	Wednesday, 2 December 2020
Sportech shareholder meeting to approve the Acquisition (“ <b>Meeting</b> ”)	On or about week commencing 21 December 2020
Settlement of Placement	3 business days after the Meeting
Allotment of New Shares	4 business days after the Meeting
Normal trading of New Shares	4 business days after the Meeting
SPP Booklet to be sent to shareholders	After settlement of the Placement

The timetable is indicative only and subject to change

A wireframe illustration of a horse in a running pose, composed of numerous interconnected triangles, set against a solid magenta background.

# Appendix A

## Key Risks

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# Risks

This section sets out some of the key risks associated with any investment in BET and the acquisition of the Sportech assets. Any of these risks could affect the value of BET shares. The risks set out below are not listed in order of importance or likelihood to materialise and do not constitute an exhaustive list of all risks involved with an investment in BET. Before investing in BET, you should be aware that an investment in BET has a number of risks, which are specific to BET and some of which relate to listed securities generally, and all of which are beyond the control of BET.

Before investing, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on BET (such as that available on the websites of BET and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

## COVID-19 Related Risks

BET is constantly monitoring the actual and potential impact of COVID-19 on its business, the broader economy and the jurisdictions in which BET and its customers operate. While BET has not been materially impacted by COVID-19 to date, given the uncertainty surrounding the extent and duration of government and regulatory responses to the pandemic across the world, it is not possible to assess the full impact of COVID-19 on BET's business, its customers' businesses or the global economy generally.

Sportech's business has been impacted by COVID-19, including the Tote and Digital Business to be acquired. The impact was as a result of shutdowns to racing and hospitality venues during government mandated lockdowns in some of the jurisdictions in which Sportech operates. While COVID-19 had a material impact on Sportech's revenue through this period, the overall impact has been largely offset by a commensurate reduction in operational costs, furloughing of staff and other prudent business decisions taken to mitigate the financial impact of COVID-19. With the return of racing and easing of lockdowns in the vast majority of jurisdictions in which Sportech operates, revenues and business performance has normalised and returned to pre-COVID-19 levels.

Given the uncertainty and unpredictability of COVID-19, the risk of further periods of government or voluntary responses (including lockdowns and racing shutdowns) remain. These responses, together with any prolonged periods of social distancing, quarantines, travel restrictions, work stoppages, health authority actions, restriction of access to services, closure of retail stores and business and other related measures globally may all directly or indirectly impact:

- BET, its business and existing customers;
- The assets to be acquired from Sportech and the customers serviced by those businesses;
- The parties ability to complete the transaction;
- The securing of necessary licences, government and regulatory approvals;
- The transfer or securing of new insurance policies for the assets to be acquired from Sportech;
- Retention of key staff from Sportech as part of the transaction; and
- The future performance, strategy and reputation of BET, the assets to be acquired from Sportech and the combined business

## Underwriting Risk

The Placement is subject to a range of conditions and termination events set out in the underwriting agreement entered into by BetMakers and Canaccord Genuity (Australia) Limited (Lead Manager) (Underwriting Agreement).

If certain conditions are not satisfied or certain events occur, then the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement may have an adverse impact on the ability of BetMakers to proceed with the Placement and the quantum of funds raised as part of the Placement. If the Underwriting Agreement is terminated by the Lead Manager, there is no guarantee that the Placement will continue in its current form or continue at all. Failure to raise sufficient funds under the Placement (as a result of it not proceeding or otherwise) could materially adversely affect BetMakers' ability to proceed with the Acquisition. BetMakers may need to seek alternative sources of funding which may result in additional costs. There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. This could result in BetMakers being unable to perform its obligations to complete the Acquisition.



# Risks

## Risk of Sportech shareholders not approving the Acquisition

There is a risk that the shareholders of Sportech do not approve the Acquisition at the Meeting. This risk may be heightened if, for example, the Meeting is delayed for any reason, a competitive offer is made for the Tote and Digital Business (or Sportech itself) or Sportech's circumstance change such that Sportech shareholders see greater value in retaining the Tote and Digital Business. If Sportech shareholder approval is not obtained, the Acquisition will not proceed. The Placement will also not proceed, however, there is a risk that the failure of the Acquisition will have a material impact on the trading of shares in BET.

## Risk of Non-Completion

Even if the Acquisition is approved by Sportech shareholders, there is a risk that the Acquisition does not complete. Investors should review the terms of the Acquisition on slide 31. If the Placement completes but the Acquisition does not take place, BET will have raised capital that it is not able to use towards the Acquisition in the manner contemplated by this Presentation. In such a circumstance, there is a risk that BET could be over capitalised until it identifies an appropriate use of the funds which it has raised. In these circumstances BET will have also paid the Initial Amount of approximately \$11.2m to Sportech. This amount is not refundable.

## Acquisition Structure Risk

The Assets to be acquired from Sportech will be acquired by way of (a) acquisition of the entire shareholding of certain corporate entities currently owned by Sportech and (b) transfer or assignment of certain intellectual and real property interests to BET, a BET related entity or one of the Sportech corporate entities that will be acquired as part of the transaction.

As the transaction will include BET acquiring the shareholding of corporate entities, BET will become the owner of those corporate entities and assume their current and historical liabilities which may include litigation, regulatory actions, health and safety claims, employee liabilities, warranty or performance claims, tax liabilities, leasehold obligations and other liabilities.

## Change of Control

The acquisition of the Tote and Digital Business will result in a change of control of various Sportech entities that will be acquired and which are parties to material contracts. There are a material number of contractual arrangements with counterparties which are the subject to review, consent or termination rights on a change of control. There is no guarantee that counterparties will not exercise their rights or negotiate reasonably with BET in relation to these change of control events. This could have adverse consequences for BET as the controlling entity. If such rights are exercised by counterparties, BET may incur significant costs, or loss of revenue, which could be material to the future financial performance of BET.

## Acquisition and Integration Risks

The risks faced by BET in conjunction with this acquisition (if it proceeds), the integration of the Tote and Digital Business to be acquired from Sportech and future growth and strategic initiatives of the combined business could include:

- Legal and commercial terms changing from those negotiated at an early stage or at any stage during the due diligence process;
- Change of control provisions that exist in customer contracts are triggered allowing customers early exit of agreements held by the assets to be acquired from Sportech;
- Inability to secure the necessary licences or regulatory approvals required to operate the assets to be acquired from Sportech;
- Difficulty in integrating and migrating the operations, systems, technologies, employees and customers of the assets to be acquired from Sportech;
- Disruption to bet's existing business and diversion of financial, operational and management resources on the transition and integration of the assets to be acquired from Sportech;
- Difficulty in entering markets in which BET has limited direct or prior experience and relationships and where competitors have established market positions and product offerings;
- Potential loss of key employees, customers or suppliers of the assets to be acquired from Sportech;
- Differences in corporate culture, performance expectations and internal capabilities between BET and the assets to be acquired from Sportech;
- Assumption of liabilities and incurrence of debt to fund acquisitions, operations or strategic initiatives;
- Assumption of contractual obligations that contain terms not beneficial or favourable to BET;
- Failure to realise any anticipated synergies and increases in scale, revenue, margins and net profit from the assets to be acquired from Sportech;
- Limited experience with local laws, regulations and business customs in new and unfamiliar markets;
- Difficulty in accurately valuing the assets to be acquired from Sportech, resulting in overvaluation and overpayment;
- Incomplete or inaccurate due diligence analysis; and
- Emergence of issues at a later stage not uncovered as part of due diligence or other inquiries.

# Risks

## Information Risk

BET undertook a due diligence process in respect of Sportech and the Tote and Digital Business to be acquired. That due diligence process relied on the review of financial and other information concerning the business and corporate structure of Sportech and the Tote and Digital Business to be acquired. This information included unaudited financial information, customer performance data, customer contracts, supplier contracts, licences and regulatory approvals, internal strategy documents, litigation and compliance reports, employee registers, prospectus documentation prepared for the purposes of the transaction and other relevant documents and data sets. Despite making reasonable efforts, BET has not been able to verify the accuracy, reliability or completeness of the information provided by Sportech.

Similarly, BET has prepared (and made assumptions in the preparation of) the financial information relating to Sportech and the Tote and Digital Business to be acquired (on a stand-alone basis and also with BET post-Acquisition of the Tote and Digital Business) included in this Presentation from financial and other information (including unaudited financial information) provided by Sportech. BET is unable to verify the accuracy, reliability or completeness of all of this information. If any of the data or information provided to and relied upon by BET in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Tote and Digital Business to be acquired and the combined group may be materially different to the financial position and performance expected by BET and reflected in this Presentation.

Furthermore, there is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition. A material adverse issue that was not identified prior to entry into the Acquisition could have an adverse impact on the financial performance or operations of BET. As is usual in the conduct of acquisitions, the due diligence process undertaken by BET identified a number of risks associated with Sportech and the Tote and Digital Business to be acquired, which BET had to evaluate and manage. The mechanisms used by BET to manage these risks has included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by BET may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated or unforeseen, and hence they may have a material adverse impact on BET's operations, earnings and financial position.

As expected in any transaction, information, data or representations may have been may have been disclosed, transferred or made between the parties outside of the due diligence process and data room. There is a risk that this material has not been considered or verified but has been relied on by BET in assessing the transaction, the Tote and Digital Business to be acquired and the risks associated with the transaction.

## Licensing and Regulatory Risks

The operation of the majority of the Tote and Digital Business to be acquired from Sportech is contingent on BET securing licences or government and regulatory approvals in the relevant jurisdictions in which the Tote and Digital Business operate. As part of the due diligence process, BET has identified the various licence and regulatory approvals required and, where necessary, has commenced (or is ready to commence at the earliest opportunity) the process to secure those licences and regulatory approvals. There is a risk that BET is unable to secure those licences and approvals or that the process takes longer than anticipated. Should that occur, BET would be unable to operate the Tote and Digital Business in the relevant jurisdiction which may have a material adverse impact on BET's operations, earnings, financial position, reputation and may lead to a loss of customers.

Both BET and Sportech operate in heavily regulated industries and jurisdictions. Accordingly, both BET and Sportech are exposed to a range of risks relating to compliance with, changes to, or uncertainty in, the relevant legal and regulatory regimes in those jurisdictions including in relation to regulation of gambling, regulation of financial transactions, privacy and data protection laws and anti-money laundering and counter terrorism financing laws.

Sportech and the Tote and Digital Business to be acquired are also exposed to political uncertainty in some of the countries in which it operates. For example, the terms on which the United Kingdom will leave the European Union (commonly referred to as 'Brexit'), and how Brexit may impact the Tote and Digital Business to be acquired and their operation, customers and suppliers, is currently uncertain.

Changes to laws and regulations that apply to BET or the Tote and Digital Business to be acquired in any of the jurisdictions in which BET and Sportech operate may have a material adverse effect on BET's business (including the combined business), financial position and prospects, as well as reduce demand for BET's services. Further, regulatory requirements in any of the jurisdictions in which BET and Sportech operate may become more burdensome in the future, which may result in BET (including the combined business) being required to dedicate more time, resources and expenditure to achieve compliance

If BET or the combined business' operations are found not to satisfy or to violate any applicable laws or regulations, BET may be subject to licence suspension or cancellation or other penalties including damages, fines, disruption to its operations and increased compliance costs. The reputation of BET may also be adversely affected. Any penalties, damages, fines, operational disruptions, increased compliance costs or damage to reputation, individually or together, could adversely affect BET's ability to operate its business, and its financial position and results.

# Risks

## Regulatory Risks

### A. Regulatory conditions of customer contracts

The Company (or its subsidiaries) enter into contracts with customers for the provision of the products or services offered by the Company. These customer contracts may require the approval or consent of one or more Australian or foreign governments, gambling regulators or other regulators as a condition for the customer to use, access or comply with the contract in relation to, the products or services offered by the Company. There is a risk that such governments, gambling regulators or other regulators may not grant such approval or consent. In such circumstances, these customer contracts may not be able to be complied with by either the Company or the customer.

Any non-compliance by the Company's customers with the relevant laws, regulations or terms of any applicable gaming licences, permits or approvals may result in the customer becoming unable to comply with its contractual obligations to the Company, which may have a material adverse impact on the financial performance of the Company and/or the Share price and may affect security holders' investments in the Company.

### B. Regulatory conditions of customer contracts

There are a number of strict licence conditions which apply to the 'Totalisator' licence (and associated racing body and jurisdiction approvals) held by the Company's subsidiary, The Global Tote Limited (the Licence Holder). These licence conditions and approvals include for example, compliance with Know Your Customer "KYC" requirements, turnover reporting, payment of fees and the requirement to notify and seek prior written approval from the relevant authority in respect of certain matters. If the Licence Holder fails to meet these licence conditions or is found to be in breach of any of these licence conditions, there is a risk that the licence(s) granted will be suspended or revoked/cancelled which will have a material adverse impact on the Company's ability to provide its products and services.

## Technology and Software Risks

The Company's business is based largely on the software, source code, technology and computer programs which comprise of its online wagering platforms. As with all information technology and software products, there is a risk that this technology and/or software may be superseded or displaced in the market by new technology offerings or software which customers perceive have advantages over the Company's offerings.

## Computer System Risks

The Company by necessity, places and will continue to place, significant reliance on its computer systems and related infrastructure for ongoing operations. Whilst the Company believes it is using proven technologies and has established systems to efficiently carry out its operations, the viability of its endeavours can be affected by force majeure circumstances, market access constraints, cost overruns, the performance of associated parties or unforeseen claims and events. Computer viruses, fire and other natural disasters, break ins, or a failure of power supply, information systems, hardware, software or telecommunications systems or other catastrophic events could expose the Company to short, medium or long term interruptions, delays or cessation in service to the Company's clients. If these events were to occur, the Company may be unable to operate its business, potentially putting the Company in breach of its contractual obligations, damaging its reputation and adversely affecting its ability to generate revenue.

## Intellectual Property Risks and Obligations

While the Company has implemented measures to protect its intellectual property and know-how, there is a risk that the Company's failure or inability to protect its intellectual property rights may have a significant adverse effect on the Company's operations, financial performance and competitive advantage.

Further, there is a risk that the Company's operations, products, services or platforms may infringe the intellectual property rights of third parties. In the event that any claim or litigation is brought against the Company which alleges that the Company has infringed another party's intellectual property rights, this could result in the Company being subject to significant liability for damages (among other consequences, such as losing the right to use the intellectual property). This may have an adverse effect on the Company's financial performance and its ability to conduct its business operations.

## Competition

The internet and other forms of distribution have, and will continue to enable competitors to enter the Company's various markets. There is a risk that competitors with substantially greater resources could launch competing products to those offered by the Group and take market share away from the Group.

## Advertising Obligations

Wagering operators are obliged to comply with extensive requirements in respect of the advertising of their services. The breach of any of these advertising requirements by the Company may result in significant penalties being imposed.

# Risks

## Security Software and Technology Breaches and Improper Access to Personal Data

The use of information technology and effectiveness of the Company's platform are critical to the ability of the Company to deliver services to its customers and the growth of its business. By their nature, information technology systems are susceptible to cyber attacks with third parties seeking unauthorised access to data. Security breaches may involve unauthorised access to the Company's networks, systems and databases and the deployment of viruses or other malicious software designed to create system and service disruptions, exposing financial, proprietary and personal information.

In addition, in providing services to its customers, the Company stores, analyses and transmits confidential and personal information. It is possible that the measures taken by the Company to protect its proprietary information and any personal information are not sufficient to prevent unauthorised access to, or disclosure of, such data.

Any accidental or deliberate security breach or other unauthorised access to the Company's information technology systems or customer data may subject the Company to reputational damage, a loss of confidence in the services it provides, claims by customers, loss of customers, reputation, business, financial condition and financial performance.

Further, some of the Company's third party suppliers may receive and store information provided by Company or its customers through web applications. Although any such information is limited and subject to confidentiality obligations, if these third party suppliers fail to adopt or adhere to robust security practices, or in the event of a breach of their security systems, any such information may be improperly accessed, used or disclosed.

## Litigation

In the ordinary course of business, the Company is subject to the risk of litigation and other disputes with its employees, clients, suppliers and other third parties. Irrespective of the outcome of such disputes, litigation proceedings or other disputes may adversely affect the Company's financial or operational performance and/or the Share price and may affect security holders' investments in the Company.

## The Group relies on its agreements with sports and racing controlling bodies

The Group has entered into various product fee and integrity agreements with sports controlling bodies, under which the Group is entitled to conduct sports betting in relation to events and competitions operated by those sporting controlling bodies, in return for payment of product fees in accordance with the terms of those agreements. Under some of these sporting agreements, the sports controlling body has the discretion to determine the types of bets the Group is permitted to take. A removal of one or more types of bets the Group is permitted to take under these arrangements may materially adversely affect the Group's financial position.

Similarly, the Group has in place various approvals and authorities granted by racing controlling bodies which permits the Group to publish and/or use the relevant race fields information associated with those racing controlling bodies in return for the payment of a race field fee. Under these approvals/authorities, the Group is required to comply with certain applicable terms and conditions, as well as the relevant provisions, rules and regulations relating to racing, provided under the relevant State/Territory laws. Under these approvals/authorities and State/Territory legislation, the racing controlling bodies have the discretion to determine the types of bets the Group is permitted to take. A removal of one or more of these bet types may materially adversely affect the Group's business operations and financial position.

## Race Field and Sports Product Fees

The Company has agreements with some of the major Australian sporting bodies relating to events taking place Australia-wide. Under these agreements, the Company is required to pay a product fee to the relevant sporting controlling body, which, unlike the race field fee levied by most racing controlling bodies, is based in almost all sports, on "gross revenue" (turnover minus winnings paid to customers).

The level of product fees payable in respect of both sporting events and racing events has increased on a regular basis since their introduction and there is a risk that the product fees will continue to increase. Further, some racing and sporting bodies have complex fee rates and models, which have had the effect of increasing expenses of the wagering business and which have an adverse effect on the operational and financial performance of the Company. There is risk that the racing/sporting controlling bodies will continue to amend/change their models for calculating the relevant product fees, increase the relevant product fees payable and/or consider that the Company has not paid the correct fees due under these product fee arrangements.

There is also a risk that the application of the sports product fee and integrity agreements (and therefore the obligation to pay a product fee) will be expanded to apply to sporting events taking place outside of Australia on overseas events. This may have an adverse effect on the operational and financial performance of the Company.

# Risks

## Anti-money Laundering and Counter-Terrorism Financing Risks

As a provider of a gambling service, the Company is deemed to be a reporting entity under Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the AML/CTF Act). Accordingly, the Company is required to comply with a number of obligations under the AML/CTF Act including, for example, requirements to:

- Develop and implement an AML/CTF program;
- Conduct customer due diligence and customer identification and verification procedures; and
- Report suspect matters and transactions to the Australian regulator, AUSTRAC.

Failure to adequately monitor and mitigate against money laundering and other fraudulent activities (e.g. the use of the proceeds of crime in wagering activities) or the failure by the Company to comply with its obligations under the AML/CTF Act may result in civil or criminal liability for the Company.

## Company Racing and Sports Products

The Company's wagering business is reliant on the New South Wales, Victorian and other interstate and overseas racing and sporting controlling bodies providing a regular program of events for the purposes of wagering. A significant reduction in the number of race meetings or sporting fixtures, or the occurrence of an event which impacts adversely on the Australian racing industry or the relevant sport, or which otherwise disrupts the scheduled racing or sporting program, may have an adverse effect on wagering revenue and an adverse effect on the operational and financial performance of the Company.

## Responsible Gambling Obligations

In accordance with its licences, the Company is required to have in place responsible gambling measures, for example, procedures that allow customers to set betting deposit limits or enter into self-exclusion arrangements. Failure to comply with these obligations will result in a breach of the Company's licence(s) and a risk that the licence may be suspended or revoked / cancelled.

In addition to the responsible gambling obligations that exist under the Company's licences (or prospective licences), there are also extensive responsible gambling obligations set out in Australian Federal, State and Territory law and regulations with which the Company is required to comply. The breach of these laws and regulations may result in not only penalties being imposed for the breach of legislation, but the possibility that, in some states, the Company may no longer be permitted to provide or offer its services to customers in that State or Territory.

## Growth and Strategic Risks

The Company's growth strategy includes increasing and expediting its investment in its wholesale business and to significantly grow its presence as a wholesale wagering software service provider in the overseas markets in which it already operates and extend its operations to new overseas markets. The Company's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulations. The Company's ability to grow and expand its wholesale and international operations may be subject to various risks, including but not limited to the need to invest significant resources and management attention to the Company's proposed expansion and the possibility that the desired level of return on its international business will not be achieved. Failure to successfully grow and expand the Company's wholesale and international businesses may result in a failure to achieve the revenue growth that underpins the future financial performance of the Company.

The growth strategy of the Company also involves the pursuit of both organic growth and growth by acquisitions. In relation to the latter, there is a risk that acquisitions will encounter unforeseen integration issues. Further to this, the Company intends to exploit perceived synergies from integrating an acquired business into the broader corporate group. There is a risk that such synergies do not eventuate or are less pronounced than first envisioned. In either case, the Company's growth prospects may be negatively impacted. In addition, in relation to the acquisitive growth that the Company is seeking, there is a risk that the Company is either unable to find potential and suitable acquisition targets, is unable to agree to terms of sale with any acquisition targets, or agrees to terms that are less favourable than it initially anticipated. All of these risks may negatively affect the Company's growth prospects. The Company's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as to identify and make suitable acquisitions that will grow revenue and profit. There is a risk that the Company may not be able to successfully integrate the acquisition target into the combined business or extract other operating efficiencies from the integration of the functions of each business.

There is a risk that the Company will be unable to achieve sufficient scale in the commercialisation of its products and services, which could potentially result in reduced or negative growth or unprofitability.

## Investment speculative

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its Shares. Therefore, an investment in the Company's Shares carries no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to trade in the Company's Shares.



# General Risks

## General Share Investment Risk

There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of BetMakers shares following the Placement will depend on general share market and economic conditions as well as the specific performance of BetMakers. There is no guarantee of profitability, dividends, return of capital, or the price at which BetMakers shares will trade on the ASX. The past performance of BetMakers shares is not necessarily an indication as to future performance as the trading price of BetMakers shares can go down or up in value.

## General Economic and Political Conditions

Factors such as, but not limited to, domestic political changes (including policy responses to COVID-19), interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes, changes in employment levels, consumer and business spending, employment rates and labour costs may all have an adverse impact on BetMakers' revenues, operating costs, profit margins and share price. These factors are beyond the control of BetMakers and its board and BetMakers cannot, to any degree of certainty, predict how they will impact on BetMakers.

## General Regulatory Risk

BetMakers is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the governments and regulatory authorities. BetMakers is exposed to the risk of changes to applicable laws and/or the interpretation of existing laws, which may have a negative effect on BetMakers, or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against BetMakers.

## Share Market Conditions

As BetMakers is a listed company, the price at which its shares trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.

## Force Majeure Events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of BetMakers and the price of the BetMakers shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and biosecurity threats such as COVID-19 or other man-made or natural events or occurrences that can have an adverse effect on the demand for BetMakers' services.

## Operational and Controls Risks

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on BetMakers' business. BetMakers is exposed to operational risk present in the current business including risks arising from process error, fraud, system failure, failure of security and physical protection systems. Operational risk has the potential to have an effect on BetMakers' financial performance and position as well as reputation.

## Capital Availability

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the growth strategies of BetMakers, including the acquisition of additional allied health clinics. BetMakers' growth may be affected by availability of funding which would impact on its ability to acquire allied health clinics in the expected time frame and/or at expected levels.

## Taxation

Future changes in taxation law in Australia including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may impact the future tax liabilities of BetMakers or may affect taxation treatment of an investment in BetMakers shares, or the holding or disposal of those shares.

## Accounting Standards

BetMakers prepares its general purpose financial statements in accordance with IFRS and with the Corporations Act. Australian Accounting Standards are not within the control of BetMakers or its board and are subject to amendment from time to time, and any such changes may impact on BetMakers' statement of financial position or statement of financial performance.

Preparation of BetMakers' financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. A higher degree of judgement is required for the estimates used in the calculation of provisions, the valuation of goodwill and intangible assets and the fair value of financial instruments. Changes in the methodology or assumptions on which the assessment of goodwill and intangible balances is based, together with expected changes in future cash flows, could result in the potential write-off of a part of or all of that goodwill or intangible balances.

If the judgements, estimates and assumptions used by BetMakers in preparing financial statements are subsequently found to be incorrect, there could be a significant loss to BetMakers beyond that anticipated or provided for, which may adversely impact BetMakers' reputation and financial performance and position.

A wireframe illustration of a horse in a running pose, composed of numerous interconnected triangles, set against a solid magenta background.

# Appendix B

## Transaction Agreements

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# Share Sale Agreement Summary

The Company has entered into a Sale and Purchase Agreement (**Agreement**) dated [insert] November 2020 with Sportech plc (**Sportech**), Sportech, Inc. and Sportech Group Holdings Limited, under which the Company is acquiring all of the shares (**Sale Shares**) in the capital of certain Sportech subsidiaries (**Target Group**), subject to the terms of the Agreement (which includes certain conditions).

A summary of the key provisions of the Agreement are set out below:

- The price payable by the Company for the Sale Shares is £30,900,000, with an initial amount of £6,180,000 (**Initial Amount**) payable on satisfaction of a Vendor Condition (as detailed below) and the balance payable on completion to Sportech Inc., and Sportech Group Holdings Limited (the **Vendors**, and each a **Vendor**).
  - The following conditions are required to be satisfied in respect of the Agreement:
    - A condition in favour of each Vendor (**Vendor Condition**) under which the shareholders of Sportech must approve the transaction at a general meeting, with a circular in respect of the general meeting required to be posted to shareholders within 5 business days of the date of the Agreement. This circular must include a recommendation from the directors of Sportech that the shareholders should vote in favour of the resolution approving the transaction. This director recommendation is not permitted to be withdrawn at or before the Sportech general meeting.
    - The following conditions in favour of the Purchaser (**Purchaser Conditions** and each a **Purchaser Condition**):
      - the Company must obtain all necessary regulatory approvals and authorisations in relation to the licences held by the Target Group; and
      - no material and adverse change (MAC) having arisen in the period between the date of the Agreement and the earlier of completion and 30 April 2021.
- The Company is able to waive the Purchaser Conditions at any time.
- The Vendor Condition and the Purchaser Conditions are required to be satisfied by 31 January 2021 (**Relevant Date**), with the Company having the ability to unilaterally extend the date for satisfaction of the Purchaser Conditions to a date on or before 30 June 2021. Once the Vendor Condition is satisfied, the Initial Amount must be paid by the Company to the Vendors. This amount is not refundable in the event that one or more of Purchaser Conditions is not satisfied, however the Company has the ability to waive the Purchaser Conditions.
  - If the Vendor Condition is not satisfied prior to the Relevant Date, or the Purchaser Conditions are not satisfied by this date or any extended date, then the Agreement can be terminated by either party (in the case of a MAC, however, the Agreement cannot be terminated if the MAC arises after 30 April 2021). If the Initial Amount has been paid as at termination date, it is not refundable to the Company. Recission is not available as a remedy to the Company for any breach of the Agreement, apart from fraud.

- The Agreement contains common pre-completion obligations, under which the Vendors must comply with certain undertakings. During the period after signing but prior to completion, the Vendors must support the application by the Company in obtaining the necessary regulatory approvals.
- During the period from the date of the Agreement until 31 December 2020, the Vendors must not, and must ensure that each of its Associates does not, directly or indirectly solicit, invite, encourage or initiate any inquiry, proposal or anything similar, which encourages or leads to the making of a third party proposal to acquire the whole or significant proportion of the issued share capital of Sportech or alternatively the business being acquired by the Company (through the acquisition of the Sale Shares). There is an exception to this obligation, being that the Vendors' directors or the directors of Sportech are not required to do anything which would cause the directors of Sportech to breach their duties as directors.
- Various warranties are given by the Vendors in favour of the Purchaser under the Agreement, and a smaller number of warranties are given in return. The Vendor warranties concern a range of matters such as corporate capacity, the business and assets, financial matters, IP and IT, pensions, properties and taxation. The Vendors have disclosed certain matters against those warranties.
- There is a limitation on claims which the Purchaser may make against the Vendors. This is up to 75% of the amount paid for the Sale Shares, and is subject to various limitations in relation to the minimum amount of each claim under which the Company is not entitled to recovery (being £10,000), and an aggregate amount of claims required (being £100,000) before the Company can bring any claim against the Vendors.
- There are various post-completion covenants, which contain restrictions relating to the use of intellectual property rights and other matters. The Company has been granted a licence under the Agreement to use the brand name "Sportech" in an agreed form.
- The Vendors and Sportech (in respect of itself and each of its Associates) have agreed to a restraint for a period of 3 years, under which they cannot compete with the business being acquired by the Company, as provided for in the Agreement. Further, they are also prohibited from approaching employees, customers and suppliers of the business in certain circumstances. Each of these restrictions are relatively common.
- Sportech have agreed to give a parent company guarantee in favour of the Company and Vendors under the Agreement. The Company has agreed to do the same in the event that the Company nominates any related party as the relevant purchaser of some or all of the Sale Shares (which it is entitled to do under the Agreement at any time until completion).
- The Agreement is subject to confidentiality obligations and contains provisions for preparation of completion accounts and a dispute mechanism, under which an expert can be appointed.
- There are various agreements which have been executed pursuant to the Agreement, including in respect of transitional services and other matters.

# Underwriting Agreement

## Summary

Canaccord Genuity (Australia) Limited ACN 075 071 466 (**Lead Manager**) is acting as lead manager, bookrunner and underwriter of the Placement. BetMakers has entered into an underwriting agreement with the Lead Manager in respect of the Placement (**Underwriting Agreement**).

The Underwriting Agreement contains representations, warranties, releases and indemnities in favour of the Lead Manager and its associates.

The Lead Manager's obligations under the Underwriting Agreement are conditional on certain customary matters, and conditions specific to the Acquisition, including Sportech shareholder approval being obtained in accordance with the Timetable, the Acquisition Agreement remaining valid and binding and the Lead Manager, acting reasonably, determining that all conditions to completion of the Acquisition Agreement falling due for satisfaction after the Placement Issue Date are reasonably capable of being satisfied by the time required for their satisfaction in accordance with the terms of the Acquisition Agreement.

The Lead Manager may, by notice to BetMakers, terminate its obligations under the Underwriting Agreement if any of the following occur before 9.00am on the Placement Issue Date:

- a. The ASX/S&P 300 Index closes on any Business Day prior to the Placement Settlement Date at a level which is 15% or more below the level of that index at the close of trading on the Business Day before the date of this Agreement;
- b. Any event specified in the timetable is delayed by more than 2 business days (other than events solely within the control of the lead manager);
- c. The company withdraws the placement or the SPP;
- d. The acquisition agreement is terminated, rescinded, avoided or repudiated, or varied in any material respect;
- e. A condition to completion of the acquisition agreement becomes, in the reasonable opinion of the lead manager, incapable of satisfaction by the time required for its satisfaction;
- f. A party is or becomes in material default of any of the terms and conditions of the acquisition agreement;
- g. The certificate which is required to be furnished by the company under this agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission);

h. ASIC or the Takeovers Panel:

- I. holds, or gives notice of intention to hold, a hearing or investigation in relation to the Placement; or
- II. prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Placement,

and such hearing, notice, investigation, prosecution or proceeding is not withdrawn or discontinued by the Business Day immediately prior to the Placement Settlement Date;

- h. ASX announces that the Company's shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (which, for the avoidance of doubt, does not include a trading halt requested to facilitate the Placement or a voluntary suspension entered into by the Company with the prior written consent of the Lead Manager);
- i. There is an alteration of the company's capital structure without the prior consent of the lead manager (except as contemplated by the offer documents);
- j. Any circumstance arises that results in the company either repaying the money received from applicants or offering applicants an opportunity to withdraw their application for offer securities;
- k. The company is unable to issue or prevented from issuing offer securities as contemplated by this agreement by virtue of the ASX listing rules, applicable laws, a government agency or an order of a court of competent jurisdiction;
- l. The cleansing notice is or becomes defective (within the meaning of section 708A(10) of the corporations act) or any amendment, update or correcting notice to the cleansing notice is required under the corporations act to be issued (including as a result of the operation of sections 708A(9) of the corporations act);
- m. ASIC makes a determination under section 708A(2) of the corporations act;
- n. There is an event or occurrence, including any statute, order, rule, regulation, directive or request compliance with which is in accordance with the general practice of persons to whom the request is addressed of any governmental agency which makes it illegal for the lead manager to satisfy an obligation under this agreement, or to market or promote the placement or subscribe for the offer shortfall;

# Underwriting Agreement

## Summary Continued

- q. Unconditional approval (or approval conditional only on customary conditions which are acceptable to the lead manager, acting reasonably) is refused or not granted to the official quotation of all of the offer securities in accordance with the timetable;
- r. Any material licence, lease, permit, concession, authorisation or concession of the group (**authorisation**) is, or is likely to be, invalid, revoked or unenforceable, including as a result of the introduction of new legislation in the relevant jurisdiction;
- s. Any authorisation is breached or not complied with in a material respect;
- t. Any director or officer of the company is investigated for, or charged with, a criminal offence relating to any financial or corporate matter relating to the company (including the placement), or any director of the company is disqualified from managing a corporation under the corporations act or investigated for any act which could give rise to a disqualification;
- u. A director or the chief executive officer or chief financial officer of the company resigns or indicates that he or she does not intend to be a director or executive (as applicable) of the company, for any reason other than incapacity;
- v. The company or one of its subsidiaries which represents 5% or more of the consolidated assets or earnings of the group (each a “**material subsidiary**”) becomes insolvent or there is an act or omission which may result in the company or a material subsidiary becoming insolvent;
- v. Proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the company’s ability to agree to and complete the placement;
- w. The company is or becomes in default of any of the terms and conditions of this agreement or a representation or warranty by the company is or becomes false or incorrect;
- x. Any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in an offer document is or becomes incapable of being met or, in the reasonable opinion of the lead manager, unlikely to be met in the projected timeframe;
- y. The Company commits a breach of the Corporations Act, ASX listing rules, the Constitution, or other applicable laws, or has failed to comply with its continuous disclosure obligations or its Constitution;
- z. Legal proceedings against the company or any other group member are commenced or any regulatory body commences any enquiry or public action against a group member;
- aa. Any offer document includes a statement or fact that is misleading or deceptive or omits to state a fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or deceptive;
- bb. A new circumstance arises which is a matter adverse to investors in offer securities and which would have been required by the corporations act to be included in the offer documents had the new circumstance arisen before the offer documents were given to ASX;
- cc. Any adverse change or effect occurs, or an event occurs which is likely to give rise to an adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of the company from that existing at the date of this agreement;
- dd. A general moratorium on commercial banking activities in Australia, the United States, Hong Kong, the United Kingdom, Singapore or New Zealand is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- ee. Any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, the United States, Hong Kong, the United Kingdom, Singapore or New Zealand from those existing at the date of this agreement; and
- ff. Trading of securities quoted on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended, or there is a material limitation in trading, for more than one business day on which the exchange is open for trading.

The ability of a Lead Manager to terminate the Underwriting Agreement as a result of some of the events listed above will depend on whether the event has, or is likely to have, a material adverse effect on the success of ability of the Lead Manager to market the Placement, the settlement of the Placement, or the market price of BET shares, or whether the event could reasonably be expected to give rise to a contravention by, or a liability of, the Lead Manager under any law or regulation.

The Lead Manager is entitled to fees (by way of a deduction from the Offer Proceeds) equal to 4% of the Offer Proceeds on the Placement Settlement Date.



# Contact us

For further enquiries

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**BetMakers**