

9 August 2018

REVISED TRANSACTION STRUCTURE TO ACQUIRE DYNAMICODDS

Highlights

- **\$2.5M of the total consideration payable as completion payment in cash by 31 August 2018 (inclusive of \$150k non-refundable deposit already paid), with transfer of shares upon receipt of funds.**
- **Deferred payment of \$4.5M of the total consideration payable to CDK in cash by 30 June 2019.**
- **Additional performance payments between \$0 - \$3M may be payable to CDK dependent on first 12 months EBIT.**
- **Dynamic Odds current staff to continue in the business for a minimum 3 years under an agreed Services Agreement**

The Board of The BetMakers Holdings Limited (ASX:TBH) ("**BetMakers**", "**TBH**" or the "**Company**") is pleased to provide an update regarding the acquisition of DynamicOdds Pty Ltd ("**DynamicOdds**"). As announced on the 14th of June 2018, TBH entered into a conditional binding heads of agreement ("**Heads of Agreement**") to acquire 100% of the shares in the betting tools and data company, DynamicOdds, and the associated license brands ("**Assets**") owned by DynamicOdds' related party, C.D.K Software Limited ("**CDK**") (<http://dynamicodds.com.au/>). At the request of CDK, the parties have agreed to revise the terms of the Heads of Agreement so that, rather than just purchasing the Assets, TBH will now acquire 100% of the shares in CDK (including the Assets owned by CDK).

The Parties have now executed a share sale agreement in respect of the purchase of 100% of the shares in DynamicOdds ("**DO Shares**") and a share sale agreement in respect of the purchase of 100% of the shares in CDK ("**CDK Shares**").

The BetMakers CEO, Todd Buckingham, commented: *"This is a great result to finalise the DynamicOdds agreement including a long-term services agreement with the key employees. The team have done an amazing job with the business and we look forward to working with them under the BetMakers group."*

DynamicOdds CTO, Karl Begg, responded: *"We are very pleased to be working with the BetMakers group in the next phase of our business. With the acquisition of both DynamicOdds and Global Betting Services, BetMakers is set to become the key player in the industry both in Australia and globally."*

Key Terms of the Revised Transaction

TBH has agreed to purchase the DO Shares and the CDK Shares on the following key revised terms:

1. on 1 August 2018, TBH paid to the shareholders of DO ("**DO Shareholders**") a non-refundable deposit of AUD\$150,000. Previously TBH was required to pay the full AUD\$1.5m at completion of the transaction;
2. on 31 August 2018 ("**Completion**"), TBH must pay a total of \$2.35m made up from:
 - a. AUD \$1.35m in cash to the DO Shareholders in consideration for the acquisition of the DO Shares; and
 - b. AUD \$1m in cash to the shareholder of CDK ("**CDK Shareholder**") in consideration for the acquisition of the CDK Shares;
3. Completion is conditional upon the satisfaction or waiver of the following conditions precedent:
 - a. the parties executing the:
 - i. share sale agreement in respect of the sale of the DO Shares to TBH;
 - ii. share sale agreement in respect of the sale of the CDK Shares to TBH; and

- iii. services/management agreement for the provision of management services to DynamicOdds ("**Services Agreement**");
 - b. the DO Shareholders transferring certain motor vehicles to an entity other than DO;
 - c. the DO Shareholders and the CDK Shareholder procuring repayment of any loans or indebtedness due by them (or their associates) to DO and CDK (respectively); and
 - d. the DO Shares and the CDK Shares being free of any encumbrances;
- 4. On 30 June 2019 ("**Deferred Payment Date**"), TBH must pay to the CDK Shareholder AUD\$4.5m in cash ("**CDK Deferred Payment**");
- 5. On 31 October 2019 ("**Performance Payment Date**"), TBH must pay to the CDK Shareholder a performance payment ("**CDK Performance Payment**") to be calculated as at 31 August 2019 ("**Calculation Date**") as follows:
 - a. if the operating profit of DynamicOdds (calculated as earnings before interest and taxes ("**EBIT**") for the period from 1 September 2018 to the Calculation Date ("**Performance Period**") is less than AUD\$1.25m, the CDK Performance Payment will be nil;
 - b. if the EBIT for the Performance Period is equal to or greater than AUD\$1.25m but less than AUD\$1.5m, the CDK Performance Payment will be AUD\$1.5m; or
 - c. if the EBIT for the Performance Period is equal to or greater than AUD\$1.5m, the CDK Performance Payment will be AUD\$3m;
- 6. TBH has the discretion to pay the CDK Performance Payment to the CDK Shareholder in cash, via the issue of ordinary shares in the capital of TBH ("**TBH Shares**") or a combination of both. If any or all of the CDK Performance Payment is paid in TBH Shares, the TBH Shares will be valued at the greater of:
 - a. the 15-day VWAP immediately prior to the Performance Payment Date; and
 - b. AUD\$0.10 per TBH Share;*

*Subject to the CDK Shareholder (or nominee) not having a relevant interest in more than 19.99% of the total issued share capital of TBH.
- 7. if TBH wishes to sell the DO Shares or the CDK Shares before the Performance Payment Date, TBH must first offer those shares for sale to the DO Shareholders and the CDK Shareholder (respectively) and, in any event, TBH cannot transfer the DO Shares or the CDK Shares before the Performance Payment Date ("**Pre-emptive Rights Provisions**");
- 8. if TBH fails to discharge the CDK Deferred Payment or the CDK Performance Payment by the Deferred Payment Date or the Performance Payment Date (respectively), or breaches the Pre-emptive Rights Provisions, TBH must transfer the DO Shares and the CDK Shares back to the DO Shareholders and the CDK Shareholder (respectively) and shall not be entitled to any refund of the amounts paid in respect of DO Shares and the CDK Shares to date;
- 9. Dynamic IT Group Pty Ltd ("**Dynamic IT**") (or its nominee) will no longer be issued 10m unquoted options over TBH Shares on Completion;
- 10. under the Services Agreement, Dynamic IT will provide system management and development, and accounts administration services ("**Services**") to DynamicOdds for a period of 3 years from Completion ("**Term**") for a total fee of AUD\$500,000 (plus GST) per annum ("**Fee**");
- 11. DynamicOdds must not engage any contractor other than Dynamic IT to provide the Services during the Term, unless a related body corporate of DynamicOdds. If DynamicOdds engages another contractor as permitted, Dynamic IT must still be paid the Fee; and
- 12. the Services Agreement may be terminated by mutual consent, upon 3 months' notice in writing by either party or for cause.

Update to GBS transaction

Further to the announcement released on 18 July 2018, TBH advises that its wholly-owned subsidiary, BetMakers DNA Pty Ltd ("**BetMakers DNA**") is currently progressing its due diligence investigations in respect of Global Betting Services Pty Ltd ("**GBS**") and GBS's parent company ("**Parent**"), which is a condition precedent to completion of the sale of 100% of the shares in the Parent ("**Shares**") to BetMakers DNA.



The parties are also currently renegotiating the composition of the purchase price of the Shares (“**Purchase Price**”), including restructuring the ability for the Purchase Price to be paid in cash and/or ordinary shares in TBH. For the avoidance of doubt, the total value of the Purchase Price, being \$10million, will not change.

TBH will update the market of any material changes in accordance with its continuous disclosure obligations.

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