

28 January 2020

WATERHOUSE BETS BIG ON BETMAKERS IN NEW RACING PRODUCT DEALS

Highlights

- BetMakers will provide data and technology for two significant new wagering products to be launched in partnership with the Waterhouse Group
- New deals further establish BetMakers as leading B2B technology provider for racing industry
- Deal with Waterhouse Group subject to shareholder and regulatory approval and expected to be material from FY21
- Board provides financial update including higher investment and reconfirms financial guidance of \$10mil revenue for FY20

The Board of BetMakers Technology Group Limited (“BetMakers” or “the Company”) (ASX:BET) is pleased to announce that the Company and its wholly owned subsidiary, BetMakers DNA Pty Ltd (“BDnA”) have signed conditional commercial agreements to build and operate new wagering products with companies associated with Australian racing identity Tom Waterhouse (“Waterhouse Group”)¹.

BetMakers and BDnA have agreed to terms to provide technology, data and services for:

- **tomwaterhouse.com betting application** (“App”) to be offered to the tomwaterhouse.com 80,000 members and designed for dual purposes of offering punters access to Australian bookmakers, delivering the best price(s) in the Australian wagering market from the one application, while at the same time providing wagering operators with a low-cost customer acquisition platform.
- **Waterhouse global pricing and trading desk** – a B2B Managed Trading Services (“MTS”) solution for wagering operators that are looking to outsource their trading operations. It intends to allow any wagering operator to have an outsourced Waterhouse team, powered by BetMakers technology, manage day-to-day bookmaking across hundreds of races with a solution aimed to reduce costs for the operators with minimal risk. The Waterhouse Group can provide ‘Pricing and Trading’ services along with ‘Minimum Guaranteed Returns’ to wagering operators that use the B2B service.

As part of the deal, the BetMakers will receive revenues generated from both products in a shared arrangement with the Waterhouse Group. In addition, Waterhouse’s venture capital arm (“Waterhouse VC”) will receive performance rights (“Performance Rights”) which will convert into options over shares in BetMakers (“Options”). The number of Options which may be issued on conversion of the Performance Rights will be calculated with reference to the amount of revenue the new products derive for BetMakers over a 2 year period. Each Option issued will have an exercise price of \$0.18, which is a 10% premium to the 20-day VWAP as at 24th January 2020.

Both agreements are conditional on shareholder approval, and will commence on BetMakers obtaining all necessary shareholder and regulatory approvals in respect of the issue of the Performance Rights (the material terms of the two agreements are annexed to this announcement).

Waterhouse said: “I am excited by both these significant new ventures and as a supportive shareholder of the Company going forward that we have settled on a perfect partnership with BetMakers – we believe it is a company positioned globally as the leading supplier of wagering data and technologies.”

¹ The Waterhouse Group comprises Tom Waterhouse Punting Pty Ltd ACN 625 660 648 (“TW Punting”), Waterhouse VC Pty Ltd ACN 635 494 861 (“Waterhouse VC”) and Tarpin Finance Pty Ltd ACN 622 556 423 (“Tarpin”).



BetMakers CEO Mr Todd Buckingham said: “We believe these deals are material to the Company – through activating the Waterhouse Group’s 80,000 members along with international growth opportunities we have identified. I am especially pleased to have such a vote of confidence from the Waterhouse Group to partner with us on our long-term strategy.”

New Tom Waterhouse App

Tom Waterhouse, former CEO of tomwaterhouse.com and William Hill Australia, has indicated to BetMakers the new App is set to launch to 80,000 members in the June Quarter 2020.

Features planned for the App will allow customers to access all their individual betting accounts in one application to get the best price. Customers will be able to easily sign up to new accounts with any participating wagering operators via the App, providing a lower customer acquisition cost option for all online bookmakers that participate.

Tom Waterhouse said: “This is a great concept because it provides our clients the best chance to get the right price on our selections – as well as their own selections.”

“For bookmakers, we believe this will deliver the best cost per acquisition solution from any of their acquisition strategies. The incentive for punters to sign up to new accounts with wagering operators and access multiple bookmakers from one app is attractive. It is a win-win solution for punters and bookmakers, and I am delighted that BetMakers can partner with us to deliver a unique product with their world-leading technology and solutions.”

New Waterhouse B2B Managed Trading Services

BetMakers and BDnA have signed an agreement with the Waterhouse Group to provide technology and services for a Managed Trading Services (“MTS”) solution for existing and potential wagering operators to outsource any part – or all – of their trading operations to a new global trading desk covering racing around the world.

On the MTS deal, Tom Waterhouse said: “We aim to offer pricing and trading on more than 250,000 races per year, which will be competitive with racing book operators around the world. Giving operators comfort so they can offer racing without having to manage the risk is, we believe, attractive to new and emerging markets like the United States.”

Todd Buckingham said: “We believe this product is an enticing solution because it is practical and seamless for global wagering operators – big and small. For BetMakers it fits with our strategy of consolidating the position in the Australian market while taking advantage of our tech-wagering opportunities that are rapidly presenting internationally, especially in the US wagering market.”

Financial Update

The Company believes the combined deals are likely to have a material positive financial impact on the business, particularly from FY21.

The Company has made a considered decision to invest additional resources into its technology and team, including with respect to the opportunities with the Waterhouse Group and other opportunities which

have presented in the North American market and this will have a negative impact on the previous guidance provided in respect of EBITDA for FY20.

Given the early stage nature of the opportunities to be pursued, the Board does not consider there to be a reasonable basis to forecast the EBITDA for FY20. However, despite the additional investment, the Company still expects to return a positive EBITDA and be cash flow positive for FY20. The Company is well funded with a closing cash balance of \$2.7mil for December 31st.

The Company reconfirms its revenue guidance for FY20 of \$10million and expects to finish FY20 with a materially higher annualised run rate.

“We strongly believe the opportunities for future growth justify our decision to make this investment now and we are looking forward to updating the market on other growth opportunities as they materialise,” Mr Buckingham said.

For further information please contact

Charly Duffy
Company Secretary
companysecretary@thebetmakers.com
+ 61 (0) 409 083 780

Jane Morgan
Investor and Media Relations
investors@thebetmakers.com
+ 61 (0) 405 555 618

Todd Buckingham, Managing Director of BetMakers, authorised the release of this announcement to ASX.

Disclaimer

This announcement contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.

Annexure: Material Terms

material terms of the agreement between BetMakers, BDnA and TW Punting regarding the App (**App Agreement**) are as follows:

- the term of the App Agreement will commence upon, and the provision of products and services under the App Agreement will be conditional upon, the Company obtaining all shareholder and regulatory approvals required for the issue of Performance Rights (discussed below), including ASX approval of the terms of the Performance Rights and Options (defined below);
- BDnA will:
 - be wholly responsible for contracting bookmakers for use of the App;
 - make certain technology available to TW Punting to provide bookmaker prices, betting facilities and account sign ups to its users; and
 - provide TW Punting with real time access to data;
- TW Punting will utilise such technology to offer betting functionality on the App for the initial purposes of Australian Racing and eventually, Global Racing and Sport;
- while the commercial terms are confidential and commercially sensitive, in consideration for the provision of products and services, BDnA and TW Punting will each receive a percentage of revenues generated through the App;
- while each party will be granted a non-exclusive licence to use the other parties' intellectual property rights for the purpose of fulfilling their respective obligations under the App Agreement, neither party will assign any of their current or future intellectual property rights to the other party in connection with the App Agreement (including, without limitation, any new technology or improvements developed by BDnA or BetMakers);
- subject to BetMakers obtaining all shareholder and regulatory approvals required, including ASX approval of the terms of the Performance Rights and Options, BetMakers will issue to Waterhouse VC:
 - 1 Class A Performance Right;
 - 1 Class B Performance Right;
 - 1 Class C Performance Right; and
 - 1 Class D Performance Right,(together, the "Performance Rights")
- subject to the aggregate revenue generated by BDnA under the App Agreement and the MTS Agreement (defined below) (**Aggregate Revenue**) being at least \$500,000, each Performance Right will be convertible into options, which in turn will be exercisable into ordinary shares on a 1:1 basis ("Options"). The number of Options to be issued on conversion of vested Performance Rights will be the number equal to the Aggregate Revenue between 1 March 2020 until 28 February 2022 divided by \$0.18;²
- if the vesting criteria is satisfied, the relevant number of Options will be issued within 25 Business Days after the end of each 6 month period between 1 March 2020 until 28 February 2022;
- upon conversion, each Option will have an exercise price of A\$0.18 and expire on the date that is 2 years from the date of issue;
- the terms of the Performance Rights or Options are subject to the approval of, and may be amended as required by, the ASX. Upon the ASX confirming its approval of the terms of the Performance Rights and Options, the Company intends to call a shareholder meeting to approve the issue of the Performance Rights under ASX Listing Rule 7.1;
- the App Agreement may be terminated:
 - upon either party giving the other 90 days' notice of termination provided that no notice of termination can be provided until the expiration of the third anniversary of the date of the agreement; or
 -

² Full details of the terms of the Performance Rights and Options will be included in the notice of general meeting at which the Company will seek shareholder approval to issue the Performance Rights to Waterhouse VC.

- immediately if either party makes any composition or arrangement with its creditors generally or takes advantage of any statute for relief of insolvent debtors.

The material terms of the agreement between BetMakers, BDnA, Tarpin and Waterhouse VC regarding the MTS (**MTS Agreement**) are as follows:

- the term of the MTS Agreement will commence upon, and the provision of products and services under the MTS Agreement will be conditional upon, the Company obtaining all shareholder and regulatory approvals required for the issue of Performance Rights, including ASX approval of the terms of the Performance Rights and Options (discussed above);
- BDnA will provide technology and trading management to manage prices and trading solutions, and be responsible for contracting bookmakers for the MTS;
- Tarpin will provide pricing and trading strategy to BDnA, and settle and manage all bank accounts for bookmakers using the MTS;
- in consideration for the provision of products and services, BDnA and Tarpin will each receive a percentage of revenues generated by bookmakers through the MTS;
- Tarpin will provide an initial amount of funds (“Float”) as a guarantee against losses, which will be replaced by revenue generated through the MTS (“Guarantee Fund”);
- subject to repayment of the Float and establishment of the Guarantee Fund, upon termination of the MTS Agreement, Tarpin will be required to pay BDnA A\$1mil; and
- while each party will be granted a non-exclusive licence to use the other parties’ intellectual property rights for the purpose of fulfilling their respective obligations under the MTS Agreement, neither party will assign any of their current or future intellectual property rights to the other party in connection with the MTS Agreement (including, without limitation, any new technology or improvements developed by BDnA or BetMakers);
- the MTS Agreement may be terminated:
 - upon either party giving the other 90 days’ notice of termination provided that no notice of termination can be provided until the expiration of the second anniversary of the date of the agreement; or
 - immediately if either party makes any composition or arrangement with its creditors generally or takes advantage of any statute for relief of insolvent debtors.