



29 January 2021

BETMAKERS TECHNOLOGY GROUP LTD

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## Q2 FY21 Quarterly Activities Report For the period ending 31 December 2020

### QUARTERLY HIGHLIGHTS

- **Strategic acquisition of the Sportech Racing and Digital Assets**
- **Clear pathway for Fixed Odds legislation on Horse Racing in New Jersey**
- **Expected net cash of more than \$35.0M post completion of the Acquisition**
- **Cash receipts for the 1H FY21 up 90% on previous half**
- **Annualised cash receipts at \$16.0M**

The Board of BetMakers Technology Group Ltd (ASX:BET) (“BetMakers” or the “Company”) is pleased to release its Quarterly Cash Flow Statement and Quarterly Activities Report for Q2 FY21, the quarter ending 31 December 2020.

The Board is pleased to report another strong quarter following the substantial growth delivered by the Company in Q1 FY21. These results have contributed to cash receipts for the first half of FY21 being \$7.9 million, an increase of 130% on the comparative period in FY20.

The Board is especially pleased that the \$4.0 million in cash receipts reported by the underlying business in Q2 FY21 (a record for the business) was achieved in a period when the Company’s time and resources were heavily focused on global opportunities.

The focus on strategic initiatives has delivered BetMakers exciting opportunities for global expansion, including the Company entering into binding agreements to acquire Sportech PLC’s (“Sportech”) Racing and Digital Assets in the United States, United Kingdom and Europe.

In addition, during Q2 FY21, the Company’s wholly owned subsidiaries, BetMakers DNA Pty Ltd and Managed Trading Services Pty Ltd, signed agreements to manage Fixed Odds wagering on all horse racing, including Jamaican and international race meetings, through Supreme Ventures Racing and Entertainment Ltd’s (“Supreme Ventures”) channels for five years. BetMakers also progressed the opportunity to be a pioneer of Fixed Odds betting in the U.S., where a Bill which “authorises fixed odds wagering on horse races through fixed odds wagering system” was introduced to the New Jersey Legislature in November.

### **BetMakers CEO Todd Buckingham said:**

“The Q2 FY21 quarter was not only our best quarterly performance to date, but it was also the Company’s most productive and transformational in terms of international expansion.

“I am pleased with the consistent growth in the domestic business, with the performance for the first half of FY21 setting the Company’s annualised revenue run rate in line with our expectations as we aggressively invest in efforts to pursue global opportunities.



“I am delighted with our progress internationally during a busy quarter. We believe the Sportech Acquisition will give the Company the opportunity to supercharge our growth and become a world-leading B2B racing data and technology provider at a time of huge opportunity in some of the biggest global markets.

“At the same time, the contract to manage Fixed Odds wagering in Jamaica on all horse racing, plus the continued progress through legislation of Fixed Odds racing in New Jersey, has capped off a very significant quarter for the Company.”

### **ACQUISITION OF SPORTECH PLC RACING AND DIGITAL ASSETS**

The Company entered into binding agreements to acquire Sportech’s Racing and Digital assets in the United States, United Kingdom and Europe, for consideration of £30.9million (the “Acquisition”). The Acquisition is intended to accelerate BetMakers’ international growth plans with a significantly expanded global customer base and strategic position to fully capitalise on emerging opportunities in the U.S. market, including Fixed Odds wagering.

Sportech has received shareholder approval for the divestment of its Racing and Digital assets, which satisfied the last condition precedent for Sportech’s benefit required for completion of the Acquisition. As a result, BetMakers made a non-refundable initial payment of £6.2million (as noted in item 2.1(b) of the attached Appendix 4C).

#### **BetMakers CEO Todd Buckingham said:**

“The Acquisition of Sportech’s Racing and Digital assets will deliver a business that provides betting software, hardware and service solutions to over 150 clients in over 30 countries.

“This is a business that operates in the world’s most regulated jurisdictions and holds 45 gaming, technology and service licences from over 40 licensing and regulatory authorities. The business handles over \$16.0 billion each year in transactions and operating in 36 U.S. states, across more than 200 venues, 25 digital wagering outlets and 9,000 self service and retail betting terminals.

“The Acquisition is expected to materially increase BetMakers’ annualised revenues, with more than 70% of this derived from International markets.

“With the Acquisition, the combined BetMakers business will have the capability to provide a full spectrum of digital and retail betting solutions (tote and Fixed Odds), along with race day and integrity control and other technology services, which BetMakers has established and proven in the Australian market, as a ‘one-feed solution’ to wagering and racing customers across multiple licenced jurisdictions.

“The Acquisition will deliver BetMakers a huge global footprint, a big customer base, and it opens the door to roll out our own products at scale globally, all under licences in regulated regions.

“Delivering this Acquisition is transformational for the Company and has been a huge focus and highlight of Q2 FY21.”



In order to fund the Acquisition, BetMakers completed a \$50 million placement via the issue of approximately 83.3 million new fully paid ordinary shares at an offer price of \$0.60 to institutional and sophisticated investors (as noted in item 3.1 of the attached Appendix 4C).

On 5 January 2021, BetMakers opened a non-underwritten \$10 million Share Purchase Plan (“SPP”) to contribute to the funding of the Acquisition. The SPP closed on 15 January 2021 and was oversubscribed.

### **NEW JERSEY FIXED ODDS PROGRESS**

During Q2 FY21 (in early November) a Bill which “authorises Fixed Odds wagering on horse races through Fixed Odds wagering system” was introduced to the New Jersey Legislature.

As previously announced to the market, the next step in the legislative process is for public hearings before the Senate State Government, Wagering, Tourism & Historic Preservation Committee.

The Bill is required to be approved by a majority of both the Senate and the General Assembly before it can be sent to the New Jersey Governor for his consideration and, if approved, receive his signature to become law.

In addition to the progression of the Bill, on 18 November 2020 the New Jersey Racing Commission approved a pilot program to conduct Fixed Odds wagers to be accepted in New Jersey on Grade 1 stakes races.

#### **BetMakers CEO Todd Buckingham said:**

“The New Jersey legislative process has made significant progress in Q2 FY21 and has created the pathway for Fixed Odds to come to reality in the United States. To bring Fixed Odds into the United States has been a key goal for BetMakers, and the agreements we have in New Jersey along with the progress of the legislative process in the State puts us in a strong position to pioneer this betting option, which has worked so successfully in the Australian market. We are also pleased that as the New Jersey process has progressed in Q2 FY21, BetMakers has been able to pursue the Acquisition of Sportech’s tote and digital assets, which we believe will perfectly complement BetMakers’ wagering offering for U.S. punters. It is also a solution that has the ability to benefit all stakeholders in U.S. racing by growing returns to the racing industry and provide horse racing a platform to compete with other sports betting options.”

### **JAMAICAN FIXED ODDS AND DISTRIBUTION DEAL**

In addition to the Sportech Acquisition, BetMakers further advanced its global strategy through the signing of exclusive five-year agreements to manage Fixed Odds wagering (through its Managed Trading Services division) for Fixed Odds bets placed on all horse racing, including Jamaican and international race meetings, through Supreme Ventures’ channels.

This includes Supreme Ventures’ online site, at more than 100 Off Track Betting parlors and on track at Caymanas Park.

The agreements also secure exclusive rights for BetMakers to distribute and manage (through its Global Racing Network) all racing data including Fixed Odds for horse racing at Jamaica’s leading racetrack Caymanas Park to international online wagering operators.



The Company expects to continue to invest in its global strategy in order to fully capitalise on the opportunities presented by the Acquisition, U.S. Fixed Odds, and deals such as Jamaican Fixed Odds offer.

The Company paid Directors \$111,000 for services during Q2 FY21. This included payment to the Chief Executive Officer for employment services as CEO. During the quarter, BetMakers spent approximately \$2.6 million in Acquisition advisor fees (as noted in items 2.1(b) and 3.4 of the attached Appendix 4C).

The Appendix 4C for the quarter ending 31 December 2020 is attached to this announcement.

\*Unless otherwise specified, all amounts are provided in AUD and on an unaudited basis.

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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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

BetMakers Technology Group Limited

**ABN**

21 164 521 395

**Quarter ended ("current quarter")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,959	7,858
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,453)	(2,676)
(c) advertising and marketing	(13)	(119)
(d) leased assets	(68)	(127)
(e) staff costs	(1,662)	(3,027)
(f) administration and corporate costs	(1,371)	(2,385)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(17)
1.6 Income taxes paid	(4)	(16)
1.7 Government grants and tax incentives	584	584
1.8 Other (provide details if material)	(142)	(300)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(170)</b>	<b>(225)</b>

1.8 Other costs during the quarter of \$142k relate US development project advisory costs.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(11,596)	(11,596)
(c) property, plant and equipment	(63)	(109)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(11,659)</b>	<b>(11,705)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	50,000	50,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	75	1,645
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(2,092)	(2,092)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(305)	(604)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>47,678</b>	<b>48,949</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
3.9 Other relates to payments made to establish a Managed Trading Services ("MTS") trading float. Any contributions made are repayable upon the termination of the MTS arrangement.		

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	32,819	31,625
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(170)	(225)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,659)	(11,705)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	47,678	48,949
4.5	Effect of movement in exchange rates on cash held	(34)	(10)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>68,634</b>	<b>68,634</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	68,634	68,634
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>68,634</b>	<b>68,634</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	111
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(170)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	68,634
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	68,634
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	404

Upon completion of the acquisition of Sportech assets, BET is due to pay the remaining consideration of GBP24.72 million. At an AUD/GBP FX rate of 0.57, this equates to approximately \$43.37 million.

On 15<sup>th</sup> January 2021, BET closed a \$10.00 million Share Purchase Plan with funds due to be received at the end of January 2021.

If both of these transactions were reflected in the 31 December 2020 Total available funding (item 8.4), the revised figure total available funding would be \$35.3 million (207 quarters of funding available).

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Please see comments above regarding the closing of a \$10 million Share Purchase Plan to fund the acquisition of Sportech assets.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .29 January 2021.....

Authorised by: .the Board.....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.