



11 April 2024

ASX Announcement (ASX:BBT)

## **BlueBet announces transformational merger with betr; launches \$20.0 million Equity Raising**

### **Highlights**

- **BlueBet to acquire betr's wagering business, creating leading Australian online wagering company (subject to regulatory and shareholder approvals) (Combined Business)**
- **Larger and more competitive Combined Business to remain listed on ASX and expects to reach monthly EBITDA profitability in 1H FY25 and be EBITDA profitable in FY25 (including synergies, excluding one-off transaction and synergy realisation costs)<sup>1</sup>**
- **Creates a platform to drive further organic and inorganic growth, with highly scalable technology and a deeply experienced Board and management team**
- **BlueBet also announces a fully underwritten \$20.0 million Placement to fund operational and strategic growth initiatives of the Combined Business and one-off synergy realisation and transaction costs**
- **Q3 FY24 trading evidences strong momentum for both businesses, with BlueBet's Australian operations continuing to accelerate and betr's strong Net Win growth reflecting a greater focus on profitability and a maturing of the business and customer base**

BlueBet Holdings Ltd (**BlueBet** or the **Company**) (ASX:BBT) is pleased to announce it has entered into a binding Asset Sale Agreement (**ASA**) to acquire NTD Pty Ltd's (ACN 658 859 262) (**betr**) wagering business, which will deliver to BlueBet increased scale and market share, significant operational synergies and a platform for further growth (**Proposed Merger**) (BlueBet and betr, together the **Combined Business**). Completion of the Proposed Merger (**Completion**) is subject to a number of conditions precedent (outlined below).

In addition, BlueBet is undertaking a fully underwritten two-tranche conditional placement to raise gross proceeds of approximately \$20.0 million (the **Placement**) at \$0.21 per share to fund operational and strategic growth initiatives of the Combined Business and one-off synergy realisation and transaction costs (**Equity Raising**).

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<sup>1</sup> See the Investor Presentation of today's date for further information including the disclosure of the key risks associated with the Combined Business.

## Strategic Rationale

- **Significantly enhanced scale and increased market share:** betr's large and high quality customer database comprising c.341k open accounts<sup>2</sup> and c.112k active customers<sup>3</sup>, which, when combined with BlueBet's loyal base of over 67k active customers<sup>3</sup>, provides significantly enhanced scale and increases the Company's sustainable base of recreational customers with low customer crossover<sup>4</sup>
- **Maximising use of BlueBet's leading technology platform:** ability to migrate betr's customers to BlueBet's highly scalable proprietary technology platform developed through significant multi-year investment, driving greater customer engagement, retention and monetisation
- **Significant operational efficiencies:** cost synergies are readily identified and expected to commence immediately upon Completion, with ~\$11.0 million of the identified ~\$14.0 million of annualised cost synergies<sup>5</sup> expected to be realised in FY25. Additional potential upside (not quantified) expected from optimal engagement of the entire customer base and increasing betr's Net Win margin towards BlueBet's. The Combined Business also expects to transition to one single brand following a brand review, with advertising and marketing savings to be reinvested
- **Combined Business profitability:** Combined Business expects to reach monthly EBITDA profitability in 1H FY25 and be EBITDA profitable in FY25 (including synergies, excluding one-off transaction and synergy realisation costs)
- **Highly experienced and knowledgeable Board and Management team:** management team to be led by Andrew Menz and Bill Richmond, with the Board to include industry pioneers Michael Sullivan and Matthew Tripp
- **Platform for further inorganic growth:** the Combined Business will adopt BlueBet's leading proprietary technology platform to drive further organic and inorganic growth with a focus on accretive M&A

BlueBet's Executive Chairman, Michael Sullivan, said: *"This is a transformational moment for BlueBet, bringing together our best-in-class technology platform with betr's large and high-quality customer base to create a national challenger in the online wagering market. The betr team is fully aligned with this vision, and we are excited by the growth opportunities and synergies that will be unlocked through the Proposed Merger of our two businesses."*

betr's Founder, Matthew Tripp, said: *"Today is a significant day for betr and a major step towards achieving our ambition to be a Tier 1 wagering operator. The combination of our joint scale and the BlueBet technology platform is extremely powerful. What excites me most is the deep experience and highly-complementary skillsets of the combined team which sets us up well for the next phase of growth."*

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<sup>2</sup> As at 31 December 2023.

<sup>3</sup> An Active Customer is defined in 2 ways: (1) In the case of BlueBet, Australian customers that have placed a cash bet in the 12 months to 31 December 2023. (2) For betr, customers that placed a cash bet in the six months to 31 December 2023 as this is seen as the most accurate representation of ongoing active customers. Post completion of the Proposed Merger, the Combined Business will align and report Active Customers on a 12 month prior basis, in line with industry standards.

<sup>4</sup> c.84% of betr customers will be new to the BlueBet platform, based on independent analysis of BlueBet customers from 2016 to 3 November 2023 and betr customers from 1 August 2023 to 3 November 2023.

<sup>5</sup> Estimated one-off costs to achieve cost synergies to total \$4.0 million.

## Proposed Merger Overview

- BlueBet will acquire betr's wagering business by way of an asset purchase. In consideration, BlueBet will issue to betr shareholders approximately 265.4 million fully paid ordinary shares (**Shares**), equating to c.56.9% of BlueBet's Shares on issue before taking into account the issuance of Shares under the \$20.0 million Placement<sup>6</sup>
- The Proposed Merger is subject to a number of conditions, including:
  - obtaining regulatory approvals from Northern Territory Racing Commission;
  - obtaining shareholder approval pursuant to ASX Listing Rule 7.1 for the issuance of Shares to betr shareholders under the Proposed Merger;
  - successfully completing the Equity Raising (which also includes obtaining shareholder approval under ASX Listing Rule 7.1 for the conditional tranche of the Equity Raising); and
  - BlueBet maintaining minimum net cash balances at 30 April 2024 of at least \$3.0 million.

Subject to satisfaction of the conditions precedent, completion of the Proposed Merger is expected to occur on 1 July 2024. A summary of the key terms of the ASA (including a full list of conditions) is included in Appendix A of this announcement.

In the event the Proposed Merger does not proceed (including as a result of conditions precedent not being satisfied), BlueBet will continue to operate as a standalone company and will apply the proceeds of the Equity Raising that had been intended for migration towards the Company's working capital requirements and growth initiatives. Investors should take into account this uncertainty in deciding whether or not to buy or sell BlueBet Shares.

## Combined Board and Management Team

The Board of the Combined Business will consist of Michael Sullivan (Executive Chairman), Matthew Tripp (Non-Executive Director), Ben Shaw (Non-Executive Director), Tim Hughes (Non-Executive Director), and an independent Non-Executive Director yet to be agreed that will be appointed as soon as practicable. It is intended that Matthew Tripp will become Chairman on 1 January 2025, with Michael Sullivan remaining on the Board as a Non-Executive Director.

The management team will consist of Andrew Menz (CEO), Bill Richmond (COO) and Darren Holley (CFO).

## Board Recommendation and Major Shareholder Support

BlueBet's Board of Directors believe the Proposed Merger represents a significant and compelling opportunity which is expected to create material value for BlueBet shareholders. The BlueBet Board unanimously recommends that BlueBet shareholders vote in favour of the resolutions that require the approval of BlueBet's shareholders with respect to the Proposed Merger in the absence of receipt of a superior proposal.

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<sup>6</sup> Assuming no additional Shares are issued as part of a net cash completion adjustment under the ASA (subject to approval by BlueBet shareholders).

Each BlueBet director intends to vote all of the BlueBet Shares they hold or control in favour of all resolutions that require the approval of BlueBet's shareholders with respect to the Proposed Merger, subject to there not being a superior proposal. This includes those Shares held by BlueBet's Executive Chairman, Michael Sullivan, who holds 41.8% of BlueBet Shares as at the date of this announcement.<sup>7</sup>

Both BlueBet and betr have agreed to certain "no shop," "no talk" and "no due diligence" obligations subject to customary fiduciary carve-outs. These exclusivity provisions are set out in Appendix A of this announcement.

### **Overview of betr**

Launched in October 2022, betr has quickly grown to achieve significant scale with c.341k open accounts<sup>8</sup> and c.112k active customers<sup>9</sup>, with its modern and innovative brand attracting customers with a preference for sport and high margin products. The business recorded c.\$80 million of Gross Win and c.\$50 million of Net Win<sup>10</sup> in 1H FY24.

Betr's founder and major shareholder Matthew Tripp and CEO Andrew Menz bring over 40 years of experience in operating and scaling wagering businesses, with extensive learnings both domestically and internationally that will assist the Combined Business with its organic and inorganic growth initiatives.

### **Notification of ASX under Listing Rule 11.1**

Prior to announcement of the Proposed Merger, BlueBet notified ASX of the Proposed Merger pursuant to ASX Listing Rule 11.1. ASX determined that BlueBet is not required to obtain shareholder approval for the Proposed Merger and is not required to re-comply with ASX's admission and quotation requirements for the Proposed Merger under ASX Listing Rules 11.1.2 and 11.1.3.

### **Equity Raising**

BlueBet is undertaking a fully underwritten Placement of \$20.0 million to fund:

- **Growth initiatives and working capital (c.\$12.0 million):** includes a migration / promotional allowance and cash to provide flexibility to execute on growth initiatives of the Combined Business, which are likely to include:
  - targeted advertising spend to support customer migration and grow brand awareness;
  - generosity during the migration period to maximise customer engagement on the BlueBet platform pre-Spring Racing Carnival and during the AFL/NRL finals;
  - a reactivation campaign focusing on the large, recreational base; and
  - product innovation as a key differentiator.

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<sup>7</sup> To the extent those directors are not subject to voting exclusions.

<sup>8</sup> As at 31 December 2023.

<sup>9</sup> Refer to footnote 3.

<sup>10</sup> Net Win figure excludes launch markets. Launch markets were betr's markets offering up to \$101 odds on the 2023 AFL Grand Final winner and/or the 2023 NRL Grand Final winner. The markets were offered from betr's launch in October 2022 until December 2022, and were resulted upon completion of the respective grand finals.

- **Synergy realisation costs (c.\$4.0 million):** one-off costs to achieve synergies comprising migration and decommissioning betr's existing technology platform, redundancies and IT investment
- **Transaction costs (c.\$4.0 million):** includes costs associated with the Equity Raising and Proposed Merger, including stamp and other duties.

The Placement will be conducted at \$0.21 per Share offered as part of the Equity Raising (**New Shares**) (**Offer Price**), representing a:

- 16.0% discount to the Company's last traded share price of \$0.25 on Tuesday, 9 April 2024 (being the last undisturbed share price);
- 11.4% discount to the Company's 5-day VWAP of \$0.237; and
- 11.1% discount to the Company's 30-day VWAP of \$0.236.

The Placement comprises:

- **Tranche One:** the issue of 49.9 million New Shares (representing 24.8% of the Company's existing issued share capital) available immediately under the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A which will not require shareholder approval; and
- **Tranche Two:** the issue of 45.3 million New Shares (representing 22.5% of the Company's existing issued share capital) which is subject to shareholder approval being obtained at a general meeting of the Company (**EGM**) in accordance with ASX Listing Rule 7.1 (see Key Dates below). The EGM notice of meeting will be distributed shortly, with the EGM expected to be held in or around late May 2024.

New Shares issued under Tranche One and Tranche Two of the Placement will rank equally with existing BlueBet Shares from their date of issue. The key dates for the Placement are set out below.

### **Director and Major Shareholder Participation**

betr's founder and proposed Combined Business Non-Executive Director, Matthew Tripp<sup>11</sup>, intends to participate in the Placement and subscribe for approximately \$2.0 million of New Shares.

BlueBet's Executive Chairman, Michael Sullivan<sup>11</sup>, intends to participate in the Placement and subscribe for approximately \$1.0 million of New Shares.

The issuance of New Shares to Matthew Tripp and Michael Sullivan will be subject to BlueBet shareholder approval at the EGM expected to be held in or around late May 2024 pursuant to ASX Listing Rule 10.11.

### **Q3 FY24 Trading Update – Australian Operations**

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<sup>11</sup> Matthew Tripp will become Chairman on 1 January 2025, with Michael Sullivan to continue on the Board as Non-Executive Director from that date.

BlueBet has continued to accelerate relative to PCP and 1H FY24, with strong customer momentum, disciplined use of generosity and a continued focus on profitability.

betr recorded strong Net Win growth relative to PCP, with a greater focus on profitability post the intense growth period of early CY23 reflecting a maturing of the business and the customer base, consistent with BlueBet's approach.

Key Metrics	BlueBet Australia (A\$m) <sup>1</sup>			betr (A\$m) <sup>1</sup>		
	Q3 FY23	Q3 FY24	vs. PCP	Q3 FY23	Q3 FY24	vs. PCP
Turnover	119.1m	139.6	+17.2%	354.2	273.1	(22.9%)
Gross Win	15.8	18.7	+18.4%	37.6	37.1	(1.1%)
Gross Win Margin	13.3%	13.4%	+0.1pp	10.6%	13.6%	+3.0pp
Net Win	12.0	15.9	+32.5%	15.0	23.3	+55.0%
Net Win Margin	10.1%	11.4%	+1.3pp	4.2%	8.5%	+4.3pp

1. All figures are unaudited.

## US Market Update

Australia will be the primary focus of the Combined Business, with a strategic review of the US operation to be undertaken post Completion. The Combined Business will keep the market informed of relevant developments.

A significant reduction in US expenditure is expected going forward, with:

- BlueBet's Global Platform having been delivered;
- no further B2C market launches planned, with each of the existing B2C markets having a clear path to profitability; and
- commencement of B2B revenue in FY25, with the signing of BlueBet's maiden Ohio sportsbook agreement.

## Loan Facility Cancellation

BlueBet's \$3 million unsecured loan facility provided by Michael Sullivan and announced on 31 January 2024, will be canceled prior to completion of the Proposed Merger. The facility remains undrawn at the date of this announcement.

## Key Dates

Event	Date (Sydney time)
Trading Halt	Wednesday, 10 April 2024
Announcement of the Proposed Merger and Placement	Thursday, 11 April 2024
Bookbuild for the Placement	Thursday, 11 April 2024
Announcement of Results of the Placement and Return to Trading on ASX	Friday, 12 April 2024
Settlement of New Shares under Tranche One of the Placement	Friday, 19 April 2024

Anticipated Date for Shareholder EGM	Late May 2024
Anticipated Date for Settlement of New Shares under Tranche Two of the Placement	Late May 2024
Anticipated Date for Completion of the Proposed Merger	1 July 2024

This timetable is indicative only and may change without notice at the Company's discretion or subject to the requirements of the ASX Listing Rules and Corporations Act. BlueBet has the ability to make changes to the Equity Raising timetable.

### **Advisers**

Ord Minnett is acting as financial adviser to BlueBet in relation to the Proposed Merger and sole lead manager and underwriter in respect of the Equity Raising. Gilbert + Tobin is acting as legal adviser to BlueBet in relation to the Proposed Merger and Equity Raising.

Barrenjoey is acting as financial adviser and Arnold Bloch Leibler is acting as legal adviser to betr in relation to the Proposed Merger.

### **Further Information**

Further details of the Proposed Merger and Equity Raising are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign offer restrictions with respect to the Equity Raising. For other questions, you should consult your broker, solicitor, accountant, tax adviser, financial adviser, or other professional adviser.

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### **AUTHORISATION**

This announcement has been authorised for lodgement to the ASX by the BlueBet Board of Directors.

### **For further information, please contact:**

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## About BlueBet

BlueBet is an international online wagering provider and bookmaker listed on the Australian Stock Exchange, with operations in Australia and the United States. BlueBet is powered by a proprietary cloud-based technology platform which is highly scalable and enables BlueBet to scale rapidly, as well as offering the platform as a white-labelled technology solution for B2B partners. BlueBet's customer facing websites and native apps have been developed using a mobile-first strategy, delivering a premium mobile user experience.

### **IMPORTANT NOTICE AND DISCLAIMER**

This announcement contains summary information about BlueBet, betr and their respective activities current as at the date of this announcement (unless otherwise stated), is for information purposes only and is not, and does not comprise all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offering document under Australian law or any other law and will not be lodged with ASIC or any foreign regulator. This announcement should be read in conjunction with the other materials lodged with ASX in relation to the Proposed Merger and Equity Raising (including the investor presentation and the key risks set out therein), and BlueBet's other periodic and continuous disclosure announcements. Certain information in this announcement has been sourced from, or is based on information sourced from, betr or its representatives or associates. While steps have been taken to confirm that information to the extent practicable, no representation or warranty, expressed or implied, is made by BlueBet as to its fairness, accuracy, completeness, reliability or adequacy.

This announcement includes certain historical financial information of BlueBet or betr as at 31 December 2023 unless stated otherwise. The financial information in this announcement is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by Australian Accounting Standards (AAS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001* (Cth). Certain financial measures included in this announcement are "non-IFRS financial information" under ASIC Regulatory Guide 230 and non-GAAP financial measures under Regulation G of the U.S. Securities Act. All dollar values in this announcement, including in the appendices, are in Australian dollars (A\$ or AUD) unless stated otherwise and are subject to rounding.

This announcement contains certain forward-looking statements, including information about potential synergies in connection with the Proposed Merger. The success of this, like any of BlueBet's commercial strategies, is based on certain assumptions, such as the successful integration of betr's wagering business into BlueBet's business, which may prove to be incorrect. Forward-looking statements should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and, except as required by law or regulation, none of BlueBet, its representatives or advisers assumes any obligation to update these forward-looking statements.



## Appendix A – Key Terms of the ASA

Key term	Summary
<b>Consideration</b>	BlueBet will issue to betr shareholders 265.4 million Shares equating to c.56.9% of BlueBet’s shares on issue before taking into account the issuance of Shares under the Equity Raising, subject to the below Net Cash Adjustment.
<b>Conditions precedent</b>	<p>Conditions precedent to completion of the ASA are as follows:</p> <ol style="list-style-type: none"> <li>a) obtaining approval from Northern Territory Racing Commission;</li> <li>b) obtaining approval from BlueBet shareholders, including pursuant to ASX Listing Rule 7.1 for the issuance of BlueBet Shares under the ASA and the Equity Raising;</li> <li>c) completion of the Equity Raising; and</li> <li>d) BlueBet maintaining minimum net cash balances at 30 April 2024 of at least \$3.0 million.</li> </ol> <p>If the conditions precedent are not satisfied or waived (if applicable) by 31 July 2024, either BlueBet or betr may terminate the ASA by written notice to the other.</p>
<b>Net Cash Adjustment</b>	To the extent BlueBet holds greater than \$3m net cash at 30 April 2024 but less than \$3.5m, BlueBet will issue up to a maximum of 3.2 million additional Shares to the betr shareholders to cover such net cash shortfall.
<b>Completion and pre-completion conduct</b>	<p>Completion is scheduled for 1 July 2024 but could take longer subject to the timely satisfaction of the conditions precedent.</p> <p>For the period up to Completion, both BlueBet and betr must carry on their businesses materially in the ordinary course and is subject to customary restrictions and undertakings.</p>
<b>Warranties</b>	<p>The ASA contains customary warranties including with respect to betr’s business and assets which are subject to customary limitations, qualifications and exceptions.</p> <p>At the discretion of a betr shareholder and whilst they remain a shareholder of BlueBet, claims against a betr shareholder under the ASA may be reduced (in part or in full) through the buy-back of BlueBet shares (for nil or nominal consideration) and the amount equal to the number of BlueBet shares bought-back multiplied by the 5 day VWAP preceding the date the relevant betr shareholder exercises the right to have the claim met through a buy-back will be deemed to have been applied in reduction of such claim.</p>
<b>Escrow and restraint</b>	<p>BlueBet shares issued to Matthew Tripp’s related shareholder entities under the ASA will be escrowed for 20 months from completion of the Proposed Merger.</p> <p>All other betr shareholders issued BlueBet shares under the ASA will be escrowed for 12 months from completion of the Proposed Merger.</p> <p>A restraint of trade on Matthew Tripp will run for a term of 3 years from completion of the Proposed Merger.</p>
<b>Exclusivity</b>	See Appendix B.

## **Appendix B – Exclusivity provisions under the ASA**

### **Operative provisions**

See attached extract of clause 11 of the ASA.

### **Key Definitions**

**Affiliates** means:

- (a) in relation to any entity, any other entity that:
  - (i) is a related body corporate (as defined under the Corporations Act) of the first mentioned entity; or
  - (ii) Controls, is Controlled by, or is under common Control with the first mentioned entity; and
- (b) in relation to any person, an entity that is Controlled by that person.

**Board** means, in relation to Buyer Holdco, the Buyer or the Seller, the board of directors of that party.

**Buyer** means BlueBet Pty Ltd (ACN 607 521 835)

**Buyer HoldCo** means BlueBet.

**Competing Proposal** means any offer, proposal, expression of interest, transaction, agreement or arrangement (other than any transaction that may be made and implemented in accordance with the Transaction Documents) by or with any person pursuant to which a third party will, if entered into or completed:

- (a) directly or indirectly acquire an interest (including an economic interest by way of an equity swap or similar transaction or arrangement) in, or a relevant interest (as that term is defined under the Corporations Act) in, or becoming the holder of, more than 20% of the Buyer Holdco shares or Seller shares (as applicable) (other than as custodian, Seller nominee or bare trustee and other than pursuant to the exception in item 9 of section 611 of the Corporations Act (relating to the creep provisions));
- (b) directly or indirectly acquire, obtain a right to acquire or, or otherwise obtain an economic interest in, or control of, all or a substantial part of the businesses and assets of the Seller Group or the Buyer Group (as applicable);
- (c) acquire Control of the Seller or the Buyer or Buyer Holdco (as applicable);
- (d) otherwise directly or indirectly acquire, merge or amalgamate with, or cause a reconstruction of, the Seller group or the Buyer group (as applicable); or
- (e) any offer, proposal, expression of interest, transaction, agreement or arrangement that would prevent the Transaction from occurring or otherwise being implemented,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Seller group or the Buyer group (as applicable) or other synthetic merger or any other transaction or arrangement.

**Control** means the capacity of a person or entity to determine the outcome of decisions about a second entity's financial and operating policies and, in determining whether a person or entity has this capacity:

- (a) the practical influence that person or entity can exert (rather than the rights it can enforce) is the issue to be considered; and
- (b) any practice or pattern of behaviour affecting the second entity's financial or operating policies is to be taken into account (even if it involves a breach of agreement or a breach of trust).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Execution** means the date of execution of the ASA.

**Last Right Acceptance Notice** has the meaning given in clause 11.6(c) of the ASA

**Last Right Counterproposal** has the meaning given in clause 11.6(c) of the ASA.

**Last Right Matching Period** has the meaning given in clause 11.6(c) of the ASA

**Last Right Notice** has the meaning given in clause 11.6(a) of the ASA.

**Representatives** means, in respect of a person, that person's directors, officers, employees, financiers, agents and advisers.

**Seller** means betr.

**Seller Shareholders** means the shareholders of the Seller.

**Shareholder Approval** means:

- (a) the ordinary resolution of Buyer Holdco's shareholders under ASX Listing Rule 7.1 in respect of the approval of the issuance of new Buyer Holdco shares under the Equity Raising not within Buyer Holdco's existing placement capacity;
- (b) the ordinary resolution of Buyer Holdco's shareholders under ASX Listing Rule 7.1 in respect of the issuance of new Buyer Holdco shares in connection with the Transaction; and
- (c) any other resolutions the parties agree are required or desirable in connection with the Transaction.

**Shareholder Approval Condition** means obtaining Shareholder Approval.

**Superior Proposal** means a bona fide Competing Proposal which the receiving party's board determines, acting in good faith, and after receiving written legal advice from its legal adviser and written advice from its financial adviser:

- (a) is reasonably capable of being valued and completed, taking into account all aspects of the Competing Proposal; and
- (b) would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to that party's shareholders as a whole, than the Transaction contemplated by the Transaction Documents.

taking into account all terms and conditions of the Competing Proposal and all aspects of the Transaction contemplated by the Transaction Documents.

**Transaction** means the transactions undertaken pursuant to or contemplated by the Transaction Documents.

**Transaction Document** means:

- (a) the ASA;
- (b) the competition law protocol between the Buyer and the Seller;
- (c) each voluntary escrow agreement between Buyer Holdco and each Seller Shareholder;
- (d) the confidentiality deed between Buyer Holdco, the Buyer and the Seller;
- (e) the Seller disclosure letter addressed to the Buyer in respect of the Seller warranties under the ASA; and
- (f) any other document agreed in writing by the Seller and the Buyer to be a Transaction Document for the purposes of this document.

# 11 Exclusivity

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## 11.1 Termination of existing discussions

- (a) Each of Buyer Holdco and the Buyer, on the one hand, and the Seller and each Seller Shareholder, on the other hand, represents and warrants to the other that, as at Execution, it, its Affiliates and its and their respective Representatives have ceased any existing discussions or negotiations with any third party in relation to a potential Competing Proposal.
- (b) On and from Execution, each of Buyer Holdco, the Buyer and the Seller must promptly enforce the terms of any confidentiality agreement (or similar document) entered into with a third party in relation to any Competing Proposal and must:
  - (i) promptly request the return or destruction of all confidential information from that party in accordance with the terms of that confidentiality agreement (or similar document) and terminate their access to any confidential information; and
  - (ii) not waive, and must enforce, any confidentiality and standstill obligations contained in such confidentiality agreement (or similar document).

## 11.2 No shop restriction

Until Completion, each of Buyer Holdco, the Buyer, the Seller and each Seller Shareholder must not, and must procure that its Affiliates and its and their respective Representatives do not, directly or indirectly encourage, solicit, invite or initiate any Competing Proposal or any enquiries, discussions or negotiations with any third party in relation to, or with a view to obtaining, a Competing Proposal, or communicate any intention to do any of these things.

## 11.3 No-talk restriction

Subject to clause 11.5, until Completion, each of Buyer Holdco, the Buyer, the Seller and each Seller Shareholder must not, and must ensure that their respective Affiliates and its and their respective Representatives do not:

- (a) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
- (b) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
- (c) disclose or otherwise provide any material non-public information about its business or affairs to a third party with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations); or

- (d) communicate to any person an intention to do anything referred to in clauses 11.3(a) to 11.3(c) (inclusive).

#### **11.4 Directors' recommendation**

Subject to clause 11.5, each Board must, at all times:

- (a) publicly endorse the Transaction; and
- (b) in respect of the Board of Buyer Holdco, recommend that the Buyer's shareholders vote in favour of the Transaction (whether as part of obtaining Shareholder Approval or otherwise).

#### **11.5 Fiduciary exception**

Clauses 11.3 and 11.4 do not apply to the extent that, prior to satisfaction of the Shareholder Approval Condition, there is a bona fide actual, proposed or potential Competing Proposal that was not brought about by, or facilitated by, a breach of this clause 11 by the relevant party and:

- (a) the relevant party's Board, acting in good faith, has determined:
  - (i) after having obtained written advice from its reputable external financial and legal advisers, that the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
  - (ii) after having obtained written advice from its reputable external Australian legal advisers practising in the area of corporate law, that compliance with clauses 11.3 and/or 11.4 would, or would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties owed by any director on that Board; and
- (b) the relevant party has complied with its obligations under clause 11.6 and the other party has either:
  - (i) declined to exercise its right of last refusal under that provision on receipt of a Last Right Notice from the relevant party; or
  - (ii) been deemed to have rejected the offer set out in the Last Right Notice in accordance with clause 11.6(g).

#### **11.6 Matching right for Superior Proposal**

- (a) If, prior to satisfaction of the Shareholder Approval Condition, Buyer HoldCo or the Buyer, on the one hand, or the Seller or a Seller Shareholder, on the other hand, receives a Competing Proposal and that Competing Proposal is, or may be reasonably be expected to lead to, a Superior Proposal (as determined in accordance with clause 11.5(a)), then the relevant party must immediately give the other parties a written notice (**Last Right Notice**) specifying the key terms and conditions of the relevant Competing Proposal, including any conditionality of the offer, the proposed transaction structure, the proposed purchase price, the proposed completion date, the proposed warranty and indemnity regime and the identity of the relevant third party making the relevant Competing Proposal (in each case, to the extent known by the relevant party).

- (b) Upon delivering a Last Right Notice, the relevant party must provide the other relevant parties with all information reasonably required by them to assess the relevant Competing Proposal.
- (c) Within 5 Business Days after receiving the Last Right Notice (**Last Right Matching Period**), a party may give the party who issued the Last Right Notice a written notice (**Last Right Acceptance Notice**) that it wishes to undertake the transaction contemplated by the relevant Competing Proposal on the same terms as (and, in any event, on no less favourable terms than) the relevant Competing Proposal (**Last Right Counterproposal**). If the Last Right Notice is received less than 5 Business Days prior to the meeting of Buyer Holdco's shareholders to consider the Shareholder Approval, Buyer Holdco must postpone the shareholder meeting such that the party has the full 5 Business Days to consider whether or not to issue the Last Right Acceptance Notice.
- (d) A Last Right Acceptance Notice is unconditional and irrevocable.
- (e) The relevant party who issued the Last Right Notice must not negotiate, accept, or enter into any agreement, arrangement or understanding in respect of the relevant Competing Proposal during the Last Right Matching Period.
- (f) If a party delivers a Last Right Acceptance Notice within the period specified in clause 11.6(c), the other party must procure that its board of directors consider the Last Right Counterproposal and if that board of directors, acting reasonably and in good faith, determines that the Last Right Counterproposal would have an equivalent or superior outcome of that party's shareholders as a whole compared with the relevant Competing Proposal, taking into account all of the terms and conditions of the Last Right Counterproposal, including the availability of funding of the other party then:
  - (i) the relevant party who issued the Last Right Notice must notify the other party within 2 Business Days of the determination in writing, stating the reasons for the determination; and
  - (ii) each party must use their best endeavours to agree the amendments to this document or a new agreement (as applicable) that are reasonably necessary to reflect the Last Right Counterproposal and to implement the Last Right Counterproposal, in each case as soon as reasonably practicable.
- (g) If a party does not deliver a Last Right Acceptance Notice within the period specified in clause 11.6(c), it is deemed to have rejected the offer and irrevocably waived its rights under this clause 11.6 and the relevant party who issued the Last Right Notice may proceed to undertake the transaction contemplated by the relevant Competing Proposal with the relevant third party.