

24 October 2022

ACQUISITION OF PUNTING FORM TO STRENGTHEN BETMAKERS' GLOBAL LEADERSHIP IN HORSE RACING

BetMakers Technology Group Limited (ASX:BET) (**BetMakers** or the **Company**) is pleased to announce that it has entered into a share purchase deed (**Deed**) to acquire ABettorEdge Pty Ltd ACN 155 963 401, trading as “**Punting Form**”. Punting Form uses proprietary IP and artificial intelligence to create sectional times and benchmarks for horse racing which are used for time-based ratings systems. The Company believes that this acquisition will further strengthen BetMakers’ position as one of the leading global providers of B2B data and technology services for horse racing.

Punting Form is used by professional wagering syndicates, wagering operators, content creators and form analysts globally and forms an integral part of data requirements for professional horse racing participants. The sectional times can be used in conjunction with BetMakers’ technology to deliver enhanced features such as more accurate pricing algorithms, speed maps, runner comments and integrity benchmarking.

BetMakers will integrate the Punting Form services and data across all operating divisions, with an immediate focus on Managed Trading Services (part of the Global Betting Services division) allowing pricing improvements across its ratings engine. Additionally, Punting Form will expand the current services to include sectional time ratings for North American and other global jurisdictions (including New Zealand, UK and Ireland) and additional racing formats (greyhounds and harness racing).

The Company views this asset as strategically important, adding world-class technology that BetMakers’ management believe will help drive margin improvement and create new revenue streams across the business. Benefits are expected to include:

- **Global Betting Services:** For our platform and Managed Trading Services customers it will mean improved back-end tools, more efficient pricing and improved relative trading margins
- **Global Tote:** An opportunity to leverage the existing Punting Form relationships powering racing syndicates to drive more liquidity in existing and new markets for our racetrack partners
- **Global Racing Network:** Improved pricing and increased confidence in overseas content will enable BetMakers to package up existing form, with the Punting Form time factors, vision, pricing and trading for a complete product offering.
- **US Fixed Odds:** The increase in race timing quality will ensure BetMakers’ proprietary ratings engine is powered with the cleanest and most accurate data, facilitating wagering operators shift from tote products to fixed odds



Punting Form will become part of BetMakers' Global Betting Services division.

Financial Overview of Punting Form Acquisition

For the Punting Form acquisition, on the completion date, BetMakers will pay to the vendors of Punting Form, being JJ Ventures Limited (a company incorporated in Hong Kong with company number 2824103) (**JJ Ventures**) and Hkelly Holdings Pty Ltd CAN 156 156 062 as trustee for the Kelly Family Trust (together, **Vendors**) initial consideration of \$3 million, paid in cash, with potential for a further \$17 million earn-out achievable over the next three years on the delivery of operational, revenue and profitability targets. The earn-out metrics are set at approximately four times revenue and eight times Earnings Before Interest and Tax ("**EBIT**") for Punting Form as a BetMakers subsidiary. In addition, BetMakers will benefit from revenue and profit synergies over and above the profit contribution from the standalone Punting Form business on which the earn out is based. For earn out calculations, revenues and profits for the Punting Form subsidiary exclude any synergies from BetMakers internal use across its divisions and only revenues and profits from external customers are included.

Further terms of the Deed are annexed to this announcement.

Regarding the Punting Form acquisition BetMakers CEO Todd Buckingham commented:

"Sectional Times are at the forefront of any ratings system and required by any serious ratings engine. The synergies across our business are exceptional with both internal use and our external client base benefiting greatly from this acquisition. The team at Punting Form are very experienced in delivering B2B wagering solutions and we excited to have them onboard at BetMakers."

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

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Disclaimer

This ASX release includes certain 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 information and assumptions known to date and are subject to various risks and uncertainties. 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 could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

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 announcement 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.

All figures are in AUD unless otherwise indicated and provided on an unaudited basis.



Material terms of the Deed

The material terms of the Deed are as follows:

- in consideration for acquisition of all of the shares in Punting Form, BetMakers has agreed to pay a maximum purchase price of \$20 million to the Vendors, structured as follows:
 - an initial amount of \$3 million to the Vendors on the Completion Date; and
 - subject to the satisfaction of certain earn out conditions set out below, deferred payments (**Deferred Consideration**) to the Vendors over the next three years in four separate tranches totalling a total achievable earn out of \$17 million as set out below;
- completion of the acquisition will be subject to the following conditions precedent being satisfied or waived by BetMakers before 30 November 2022:
 - BetMakers being satisfied with the results of due diligence enquiries;
 - BetMakers obtaining all necessary board and shareholder approvals and sourcing sufficient funds to pay the purchase price;
 - No material adverse event occurring before Completion;
 - BetMakers and the Vendors obtaining all necessary regulatory approvals, consents and waivers;
 - the Vendors obtaining any required approvals from counterparties to certain material contracts;
 - BetMakers being satisfied that certain minimum working capital and net tangible asset conditions will be satisfied as at Completion;
 - before Completion, BetMakers being satisfied that JJ Ventures has acquired all remaining shares in Punting Form that are not held by the Vendors as at the date of this announcement; and
 - certain key employees signing employment agreements with Punting Form;
- if the above conditions are not satisfied or waived by BetMakers on or before 30 November 2022, either party may terminate the Deed immediately by written notice;
- unless the parties agree otherwise, where all conditions precedent are satisfied or waived:
 - at least 5 business days before the last business day in a calendar month, completion of the acquisition will occur on the last business day of that month; or
 - less than 5 business days before the last business day in a calendar month, completion of the acquisition will occur on the last business day of the month immediately after the month in which all conditions precedent are satisfied or waived,(in each case, the date of completion of the acquisition is the “**Completion Date**”).

Punting Form Acquisition Consideration

The acquisition price has been structured to ensure an alignment of interests between the Vendors of Punting Form and BetMakers, with a three-year deferred earnout payment schedule based on a four times revenue multiple and eight times EBIT multiple. The initial consideration is \$3 million for revenues of \$1.55 million and EBIT of \$0.7 million with a further \$3 million payable on the successful roll out of the technology to the US horse racing market, for a total of \$6 million in the first year.



Thereafter, the Vendors of Punting Form can earn an additional \$14 million for the delivery of incremental revenues and profits as shown in the table below. The incremental revenues and profits are valued at 4 times and 8 times respectively. Apart from the initial \$3 million payment which will be in cash, all other consideration payments can be paid in either cash or BetMakers shares at the discretion of BetMakers (as set out below). The management of Punting Form will work with and report to BetMakers management to ensure that contracted revenues are arms-length and recurring in nature, and to extract maximum synergies with the rest of BetMakers.

For earn out calculations, revenues and profits for the Punting Form subsidiary exclude any synergies from BetMakers internal use across its divisions and only revenues and profits from external customers can be included.

Reference Period	Payment \$m	Operational target	Revenue target	EBIT margin target	Payment type
Initial payment	3.0	none	none	none	Cash
0-12 months	3.0	US launch			Cash or Equity ¹
Year 1	5.0		2.75	50%	Cash or Equity ¹
Year 2	4.0		3.75	50%	Cash or Equity ¹
Year 3	5.0		5.00	50%	Cash or Equity ¹
Total potential	20.0				

¹ Cash or Equity at BetMakers discretion

In respect of each 12-month period after Completion during which earn out targets are to be achieved (each, a **Measurement Period**), if:

- either the relevant Revenue target or EBIT target (but not both) is met during that Measurement Period (**Original Measurement Period**), then:
 - that Measurement Period will be automatically deemed to be the 12-month period ending 3 months after the expiry date of the Original Measurement Period (**Extended Measurement Period**) and the relevant targets will be reassessed based on the Extended Measurement Period; and
 - if either the relevant Revenue target or EBIT target (but not both) is met during the Extended Measurement Period, the Vendors may give notice to BetMakers to defer that Measurement Period so that it is deemed to be the 12 month period commencing on expiry of the Original Measurement Period (**Special Extended Measurement Period**) and the relevant targets will be reassessed based on the Special Extended Measurement Period;
- neither the relevant Revenue target nor EBIT target is met during that Measurement Period (**Original Measurement Period**), the Vendors may give notice to BetMakers to defer that Measurement Period so that it is deemed to be the 12-month period commencing on expiry of that Original Measurement Period (**Special Extended Measurement Period**) and the relevant targets will be reassessed based on the Special Extended Measurement Period.



The Vendors are only entitled to one Special Extended Measurement Period. The first Measurement Period will commence on the day after the Completion Date and each subsequent Measurement Period will commence on the expiry of the prior Measurement Period (or Extended Measurement Period or Special Extended Measurement Period, if applicable).

Subject to the satisfaction of the relevant earn out targets, the Vendors will be entitled to the relevant Deferred Consideration, less any amounts which may be withheld or offset by BetMakers on account of any resolved or outstanding claims against the Vendors. The Company may elect to satisfy all or part of an amount of Deferred Consideration due and payable in cash or by the issue and allotment of fully paid shares in the Company (**Shares**) at its sole discretion, having regard to its placement capacity under ASX Listing Rule 7.1 at the time, or a combination of cash and Shares. The value of each Share will be equal to the volume weighted average price of Shares traded on the ASX during the 15 days immediately preceding the relevant issue date (excluding off-market trades).

Any such Shares issued on satisfaction of any Deferred Consideration will be subject to voluntary escrow arrangements such that:

- if the proportion of the relevant Deferred Consideration to be satisfied by the issue of Shares is more than 2/3 of the Deferred Consideration, then:
 - 1/3 of any tranche of Shares issued will not be escrowed;
 - 1/3 of any tranche of Shares issued will be voluntarily escrowed for a period of 12 months from the date of issue; and
 - the balance of any tranche of Shares issued will be voluntarily escrowed for a period of 24 months from the date of issue;
- if the proportion of the relevant Deferred Consideration to be satisfied by the issue of Shares is less than or equal to 2/3 of the Deferred Consideration, then:
 - 50% of any tranche of Shares issued will be voluntarily escrowed for a period of 12 months from the date of issue; and
 - the balance of any tranche of Shares issued will be voluntarily escrowed for a period of 24 months from the date of issue.

About Punting Form

Punting Form was founded on 28 February 2012 and is a provider of sectional timing data for horse racing¹. The principal product is a database covering approximately 2,400 race meetings per year in Australia, New Zealand, Singapore and Hong Kong, from 2005 to the present. It is one of the most comprehensive sectional datasets in the world with more than 1.5 million individual timed performances. The data is collected using proprietary video analysis software that enables highly accurate frame by frame 0.04 second dissection. Punting Form has more than 100 clients across a range of industry participants, including trainers, bookmakers, form guides and other professional analysts / traders.

¹ See Punting Form website at <http://www.puntingform.com.au>