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BETMAKERS TO ACQUIRE SPORTECH BUSINESSES TO ACCELERATE GLOBAL FOOTPRINT AND U.S. GROWTH

Highlights

- Strategic acquisition to drive rapid U.S. expansion and Fixed Odds opportunity
- Expanded global customer base across UK, Europe, U.S and Asia
- Establishes BetMakers as global leader in B2B wagering and data technology for Racing
- The combined business would have delivered FY20 pro-forma revenue and EBITDA of A$56.1 million and A$7.7 million respectively
- A$50 million fully underwritten placement to fund acquisition
- Acquisition and placement conditional on Sportech PLC shareholder approval
- Sportech PLC Board agrees to recommend the transaction

The Board of BetMakers Technology Group Limited ("**BetMakers**" or "the **Company**") (ASX:BET) is pleased to announce it has entered into binding agreements to acquire global assets of leading international online sports betting company Sportech PLC (**"Sportech**") for A$56.2million ("the **Acquisition**") on a cash-free, debt-free basis.

The proposed Acquisition of Sportech's Racing and Digital assets in the United States, United Kingdom and Europe (the "**Tote and Digital Business**") 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.

BetMakers considers the Acquisition to be transformational for the Company's financial and growth prospects. The Acquisition includes the following key Sportech assets:

- **Americas Tote Business:** providing betting solutions, hardware and operational services to over 200 racetrack, casino and betting venues to more than 50 customers across the United States, Canada and Latin America.
- **Americas Digital Business**: providing white-label digital betting solutions to more than 25 customers in North America.
- **UK and European Tote Business:** providing betting technology, parimutuel and co-mingling services to more than 35 customers across the UK, Ireland, Europe and Asia.
- **Quantum™ Tote Technology** – a world-leading tote betting engine currently used internationally and including for events such as the Breeders Cup and Royal Ascot race meetings.

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The proposed Acquisition will deliver substantial revenues and EBITDA for BetMakers' business. On a pro-forma basis for FY20, the Tote and Digital Business combined with BetMakers' existing operations would have delivered A$56.1 million revenue and A$7.7 million EBITDA (compared with BetMakers' stand-alone basis of A$9.2 million revenue and A$0.8 million EBITDA). BetMakers expects to derive strong growth from the Tote and Digital Business, including from synergies and cross-selling opportunities that become available from the Sportech assets in combination with the existing BetMakers' business.

BetMakers' Managing Director, Todd Buckingham, said:

"This Acquisition will supercharge our entry into the U.S. and position the Company for substantial growth on the back of the emerging wagering opportunities in U.S. racing, including Fixed Odds, where we believe we are well placed.

"The Acquisition would give us a meaningful presence in the U.S., including in 36 of the States and across more than 200 venues, 25 digital outlets and 9,000 betting terminals.

"It will also greatly expand our global customer base across the UK, Europe and Asia and provides us with an opportunity to expand our product offering at scale in these and other regions.

"The Acquisition of Sportech assets and the momentum we are seeing in the BetMakers' business during this current financial year places the Company in an extremely strong growth position."

"Sportech has a brand that is world-renowned. We look forward to the opportunity to grow these valued businesses through an investment in technology and our knowledge and learnings from Australia to assist the current Sportech staff along with international racing bodies and wagering operators.

"BetMakers believes its approach to technology innovation, integrity and servicing customers with wagering solutions can help grow racing globally for everyone in the ecosystem. This includes racing bodies, participants and wagering operators as well as power the excitement of racing as the leading option in a competitive sports betting market.

"Whilst the Acquisition is subject to approval by Sportech's shareholders and other customary conditions, we are pleased that the Board of Sportech has indicated it will recommend its approval."

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A meeting of Sportech's shareholders to consider the Acquisition is expected to occur in or around the week commencing 21 December 2020 ("**Meeting"**). Sportech's Board considers the Acquisition to be in the best interest of its shareholders and intends to unanimously recommend in favour of the Acquisition.

If the Acquisition is approved at the Meeting, BetMakers will pay Sportech A$11.2m[1] (being £6.2m) as a non-refundable initial payment. The balance of the Purchase Price, A$45m[1] (£24.7m), will be payable upon completion of the Acquisition, which will occur following satisfaction of certain customary conditions. Further details regarding the terms of the Acquisition are set out in Appendix 1 of this announcement. An investor presentation in relation to the Acquisition has also been lodged with the ASX in conjunction with this announcement.

Equity Raising

The Acquisition will be funded by a combination of existing cash and a A$50 million fully underwritten placement ("**Placement"**). The settlement of the Placement is conditional on the Acquisition being approved at the Meeting and will occur prior to the completion of the Acquisition. Shortly after completion of the Placement, BetMakers will undertake a Share Purchase Plan ("**SPP"**) to raise up to an additional A$10 million at the same issue price as the Placement.

The Placement and SPP will be conducted at an offer price of A$0.60 per share, which represents a:

- 9.1% discount to the last close price of A$0.66 (on Monday, 30 November 2020)
- 6.6% discount to the five-day volume weighted average price of A$0.64 (on Monday, 30 November 2020)

Approximately 83.3 million new fully paid ordinary shares in BetMakers ("**New Shares"**) will be issued under the Placement, representing approximately 13.9% of BetMakers' current shares on issue.

Canaccord Genuity (Australia) Limited is acting as Lead Manager and Underwriter to the Placement. Taylor Collison Limited is acting as Co-Manager to the Placement.

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Event	Date
Record Date for SPP	7pm AEDT on Monday, 30 November 2020
Announcement of Placement and SPP	Tuesday, 1 December 2020
Placement closes	Tuesday, 1 December 2020
Trading halt lifted and shares recommence trading	Wednesday, 2 December 2020
Sportech General Meeting to approve divestment of the Acquisition ("**Meeting**")	In or about week commencing 21 December 2020
Settlement of Placement	3 business days after the Meeting
Allotment of New Shares	4 business days after the Meeting
Normal trading of New Shares	4 business days after the Meeting
SPP Booklet sent to shareholders	After Settlement of the Placement

About Sportech PLC Racing and Digital Business

- A global leader in enterprise Tote betting solutions, Sportech's Racing and Digital products play a pivotal role in the international distribution of racing pools for its clients in the U.S., Europe, Latin America and Asia.
- Servicing 15,000 race meetings a year across 434 customer sites in 38 countries.
- Sportech's Quantum™ System is the most widely-deployed pari-mutuel betting software in the world. An extensive range of pools, bet types, and commingling protocols help Sportech expand its pools betting services to new markets.
- Sportech's global service delivery network is anchored by its Global Quantum Data and Operations Centres, delivering 24/7 services in specialized operational environments designed for pari-mutuel betting. From this network, Sportech services its entire North American client base as well as clients from Europe, Latin America, the Caribbean, and Asia.
- Sportech's Quantum™ System underpins the Tote's domestic pools betting, international commingling and Tote Superpools

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

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Appendix 1

Sportech Acquisition - Share Sale Agreement Summary

The Company has entered into a Sale and Purchase Agreement (**Agreement**) dated [insert] November 2020 with Sportech plc (**Sportech**), Sportech, Inc. and Sportech Group Holdings Limited, under which the Company is acquiring all of the shares (**Sale Shares**) in the capital of certain Sportech subsidiaries (**Target Group**), subject to the terms of the Agreement (which includes certain conditions).

A summary of the key provisions of the Agreement are set out below:

- The price payable by the Company for the Sale Shares is £30,900,000, with an initial amount of £6,180,000 (**Initial Amount**) payable on satisfaction of a Vendor Condition (as detailed below) and the balance payable on completion to Sportech Inc., and Sportech Group Holdings Limited (the **Vendors**, and each a **Vendor**).
- The following conditions are required to be satisfied in respect of the Agreement:
    - A condition in favour of each Vendor (**Vendor Condition**) under which the shareholders of Sportech must approve the transaction at a general meeting, with a circular in respect of the general meeting required to be posted to shareholders within 5 business days of the date of the Agreement. This circular must include a recommendation from the directors of Sportech that the shareholders should vote in favour of the resolution approving the transaction. This director recommendation is not permitted to be withdrawn at or before the Sportech general meeting.
    - The following conditions in favour of the Purchaser (**Purchaser Conditions** and each a **Purchaser Condition**):
        - the Company must obtain all necessary regulatory approvals and authorisations in relation to the licences held by the Target Group; and
        - no material and adverse change (MAC) having arisen in the period between the date of the Agreement and the earlier of completion and 30 April 2021.

The Company is able to waive the Purchaser Conditions at any time.

- The Vendor Condition and the Purchaser Conditions are required to be satisfied by 31 January 2021 (**Relevant Date**), with the Company having the ability to unilaterally extend the date for satisfaction of the Purchaser Conditions to a date on or before 30 June 2021. Once the Vendor Condition is satisfied, the Initial Amount must be paid by the Company to the Vendors. This amount is not refundable in the event that one or more of Purchaser Conditions is not satisfied, however the Company has the ability to waive the Purchaser Conditions.
- If the Vendor Condition is not satisfied prior to the Relevant Date, or the Purchaser Conditions are not satisfied by this date or any extended date, then the Agreement can be terminated by either party (in the case of a MAC, however, the Agreement cannot be terminated if the MAC

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arises after 30 April 2021). If the Initial Amount has been paid as at termination date, it is not refundable to the Company. Recission is not available as a remedy to the Company for any breach of the Agreement, apart from fraud.

- The Agreement contains common pre-completion obligations, under which the Vendors must comply with certain undertakings. During the period after signing but prior to completion, the Vendors must support the application by the Company in obtaining the necessary regulatory approvals.
- During the period from the date of the Agreement until 31 December 2020, the Vendors must not, and must ensure that each of its Associates does not, directly or indirectly solicit, invite, encourage or initiate any inquiry, proposal or anything similar, which encourages or leads to the making of a third party proposal to acquire the whole or significant proportion of the issued share capital of Sportech or alternatively the business being acquired by the Company (through the acquisition of the Sale Shares). There is an exception to this obligation, being that the Vendors' directors or the directors of Sportech are not required to do anything which would cause the directors of Sportech to breach their duties as directors.
- Various warranties are given by the Vendors in favour of the Purchaser under the Agreement, and a smaller number of warranties are given in return. The Vendor warranties concern a range of matters such as corporate capacity, the business and assets, financial matters, IP and IT, pensions, properties and taxation. The Vendors have disclosed certain matters against those warranties.
- There is a limitation on claims which the Purchaser may make against the Vendors. This is up to 75% of the amount paid for the Sale Shares, and is subject to various limitations in relation to the minimum amount of each claim under which the Company is not entitled to recovery (being £10,000), and an aggregate amount of claims required (being £100,000) before the Company can bring any claim against the Vendors.
- There are various post-completion covenants, which contain restrictions relating to the use of intellectual property rights and other matters. The Company has been granted a licence under the Agreement to use the brand name “Sportech” in an agreed form.
- The Vendors and Sportech (in respect of itself and each of its Associates) have agreed to a restraint for a period of 3 years, under which they cannot compete with the business being acquired by the Company, as provided for in the Agreement. Further, they are also prohibited from approaching employees, customers and suppliers of the business in certain circumstances. Each of these restrictions are relatively common.
- Sportech have agreed to give a parent company guarantee in favour of the Company and Vendors under the Agreement. The Company has agreed to do the same in the event that the Company nominates any related party as the relevant purchaser of some or all of the Sale Shares (which it is entitled to do under the Agreement at any time until completion).
- The Agreement is subject to confidentiality obligations and contains provisions for preparation of completion accounts and a dispute mechanism, under which an expert can be appointed.

- There are various agreements which have been executed pursuant to the Agreement, including in respect of transitional services and other matters.

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