

1. Company details

Name of entity:	BetMakers Technology Group Ltd
ABN:	21 164 521 395
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	472.8% to	43,499
Loss from ordinary activities after tax attributable to the owners of BetMakers Technology Group Ltd	up	527.2% to	(27,817)
Loss for the half-year attributable to the owners of BetMakers Technology Group Ltd	up	527.2% to	(27,817)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the group after providing for income tax amounted to \$27,817,000 (31 December 2020: \$4,435,000). Excluding depreciation and amortisation, income tax benefit and financing costs, the group's result was a loss of \$22,912,000 (31 December 2020: \$4,761,000). This includes \$25,224,000 (31 December 2020: \$3,083,000) of share-based payments expense. The group's EBITDA excluding share-based payments expense is a gain of \$2,312,000 (31 December 2020: loss of \$1,678,000).

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

Supplementary information

Half year report given to the ASX under Listing Rule 4.2A.

This report should be read in conjunction with the Annual Financial Report of the Company for the year ending 30 June 2021 and any public announcements made by the Company since that date.

3. Net tangible assets

	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Net assets	202,178	109,186
Less: Intangibles	(64,735)	(19,110)
Less: Right-of-use (ROU) assets	(3,315)	(519)
Add: Lease liabilities - current	423	160
Add: Lease liabilities - non-current	3,063	419
Net tangible assets	137,614	90,136

	Consolidated 31/12/2021	Consolidated 31/12/2020
Number of ordinary shares on issue	857,597,934	601,501,846

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	16.05	14.99

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Foreign entities

Details of origin of accounting standards used in compiling the report:

Currently all accounting policies of the group are consistent with those adopted by its ultimate holding company, BetMakers Technology Group Ltd.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of BetMakers Technology Group Ltd for the half-year ended 31 December 2021 is attached.

10. Signed

As authorised by the Board of Directors

Signed 

Todd Buckingham
Director
Newcastle

Date: 28 February 2022

BetMakers Technology Group Ltd

ABN 21 164 521 395

Interim Report - 31 December 2021

Directors' report	2
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	21
Independent auditor's review report to the members of BetMakers Technology Group Ltd	22

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of BetMakers Technology Group Ltd (referred to hereafter as the 'company', "BET" or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of BetMakers Technology Group Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Nicholas Chan - Chairman
 Todd Buckingham
 Simon Dulhunty
 Matt Davey
 Rebekah Giles (appointed as Independent Non-Executive Director on 9 February 2022)

Principal activities

The group's principal activities during the financial half-year were the development and provision of software, data and analytic products for the B2B wagering market and the production and distribution of racing content.

Review of operations

The group reported revenue of \$43,499,000 which is up 473% compared to the prior corresponding period (31 December 2020: \$7,594,000). On 17 June 2021, BetMakers completed on the acquisition of Sportech PLCs Racing and Digital assets. The operations reported herein for the six months to 31 December 2021 therefore reflects a full six months of ownership of these assets. The acquisition of the Racing and Digital assets expanded the group's operations in the USA and UK / Europe as evidenced by the growth in revenue from these regions compared to the prior corresponding period.

	Sales to external customers		Variance	
	31/12/2021 \$'000	31/12/2020 \$'000	\$'000	%
Australia and New Zealand	12,494	5,279	7,215	137%
United Kingdom and Europe	8,072	896	7,176	801%
United States of America	21,810	515	21,295	4135%
Rest of world	1,123	904	219	24%
	<u>43,499</u>	<u>7,594</u>	<u>35,905</u>	

The loss for the group after providing for income tax amounted to \$27,817,000 (31 December 2020: \$4,435,000).

Excluding depreciation and amortisation, income tax benefit and financing costs, the group's result was a loss of \$22,912,000 (31 December 2020: \$4,761,000). This includes \$25,224,000 (31 December 2020: \$3,083,000) of share-based payments expense. The group's EBITDA excluding share-based payments expense is a gain of \$2,312,000 (31 December 2020: loss of \$1,678,000).

The group operates across four segments:

- (1) Global Racing Network;
- (2) Global Betting Services;
- (3) Global Tote; and
- (4) Corporate.

Global Racing Network ('GRN')

GRN reported revenues for the period of \$2,341,000, an increase of 29% compared with the corresponding prior period (31 December 2020: \$1,820,000). This segment is driven by the distribution of racing content, under agreement on behalf of the race track / rights holder, to wagering operators.

The Company remains focused on commencing the delivery of fixed odds wagering on horse racing in the state of New Jersey which will involve the GRN delivering content to wagering operators within the state.

Global Betting Services ('GBS')

GBS reported revenues for the period of \$17,977,000, an increase of 211% compared with the corresponding prior period (31 December 2020: \$5,774,000). This segment includes software and data provided to customers, including Platform and Managed Trading Services provided in Australia and the USA. The growth during the period was driven by the expansion of domestic Platform and Managed Trading Services clients (8 clients at 1 July 2021, to 10 clients at 31 December 2021), as well as the inclusion of USA platform operations.

The Company is focused on the continued development of its Platform and Managed Trading Services offering. Domestically, the Company is focused on contracting and launching additional Platform and Managed Trading Services customers. Internationally, the Company believes there is an opportunity to support wagering operators with thoroughbred wagering technology and trading services; particularly in new fixed odds markets such as New Jersey.

Global Tote ('GT')

GT reported revenues for the period of \$23,181,000 (31 December 2020: nil). This segment relates to the tote operations in the USA, UK and Europe as acquired from Sportech PLC. Revenue is driven by both fixed fee contracts and share-of-turnover models.

Whilst pari-mutuel wagering in the USA, UK and Europe is considered a mature market, the Company is looking to grow this segment through expanding customer integrations, further investment in the racing experience (including hardware and software) and increasing wagering turnover for customers.

Corporate

The Company saw a material increase to its corporate costs as a result of the acquisition of the Sportech PLC Racing and Digital assets. In addition to this, the Company has further invested in the recruitment of staff, including key positions such as the appointment of a Chief Executive Officer, North America.

The Company has also initiated a review of its Environmental, Social and Governance (ESG) framework and policy. The Company has appointed an independent consultant to assist in this process.

The Company has a number of material business risks to its strategy and financial performance in future periods including but not limited to licensing and regulatory risk, technology and software risk, computer systems risk, and competition risk. Please refer to the Company's AGM presentation, announced on 22 November 2021, for further detail on the Company's identified material business risks.

As at 31 December 2021, the Company has \$110,880,000 in cash and cash equivalents (30 June 2021, \$120,608,000), and nil debt (30 June 2021, nil).

Significant changes in the state of affairs

On 16 July 2021, the Company issued 34,564,921 shares to Waterhouse VC Pty Ltd. For the period 22 May 2020 through to 30 June 2021, the Company recorded relevant revenues of \$6,221,685.70 under the conditional commercial agreements with the Waterhouse Group. As a result, the Class A Performance Rights issued to Waterhouse VC Pty Ltd vested and was converted into 34,564,921 options exercisable into ordinary shares in the Company with an exercise price of \$0.18. Waterhouse VC elected to exercise all options.

There were no other significant changes in the state of affairs of the group during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Nicholas Chan
Chairman

28 February 2022
Newcastle



Todd Buckingham
Director

Betmakers Technology Group Limited

Auditor's Independence Declaration under section 307C of the *Corporation Act 2001*

I am pleased to provide the following declaration of independence to the Directors of Betmakers Technology Group Limited.

As lead audit partner for the review of the financial statements of Betmakers Technology Group Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



PKF



PAUL PEARMAN
PARTNER

28 FEBRUARY 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

BetMakers Technology Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



			Consolidated	
	Note	31/12/2021	31/12/2020	
		\$'000	\$'000	
Revenue	3	43,499	7,594	
Cost of sales		(11,473)	(3,592)	
Gross profit		32,026	4,002	
Expenses				
Employee benefits expense		(21,279)	(3,308)	
Professional fees		(3,232)	(652)	
Administration expenses		(1,778)	(376)	
IT expenses		(1,313)	(203)	
Occupancy expenses		(1,742)	(78)	
Depreciation and amortisation expense	4	(6,076)	(1,140)	
Share-based payments expense	16	(25,224)	(3,083)	
Other expenses		(370)	(1,063)	
Finance costs	4	(254)	(41)	
Loss before income tax benefit		(29,242)	(5,942)	
Income tax benefit		1,425	1,507	
Loss after income tax benefit for the half-year attributable to the owners of BetMakers Technology Group Ltd		(27,817)	(4,435)	
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		605	-	
Other comprehensive income for the half-year, net of tax		605	-	
Total comprehensive income for the half-year attributable to the owners of BetMakers Technology Group Ltd		(27,212)	(4,435)	
		Cents	Cents	
Basic earnings per share	15	(3.26)	(0.75)	
Diluted earnings per share	15	(3.26)	(0.75)	

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Assets

Current assets

Note	31/12/2021 \$'000	30/06/2021 \$'000
	110,880	120,608
5	10,907	9,024
	3,757	4,394
	3,029	575
	<u>128,573</u>	<u>134,601</u>

Non-current assets

5	772	1,569
6	18,576	11,403
7	3,315	2,455
8	64,735	67,973
	<u>14,265</u>	<u>12,295</u>
	<u>101,663</u>	<u>95,695</u>

Total assets

230,236 230,296

Liabilities

Current liabilities

9	10,243	17,554
	1,289	865
	423	364
	201	109
	1,950	2,913
10	531	291
	<u>14,637</u>	<u>22,096</u>

Non-current liabilities

	3,063	2,130
	240	232
10	8,579	8,826
	<u>1,539</u>	<u>1,610</u>
	<u>13,421</u>	<u>12,798</u>

Total liabilities

28,058 34,894

Net assets

202,178 195,402

Equity

11	241,976	226,023
	31,546	12,910
	<u>(71,344)</u>	<u>(43,531)</u>

Total equity

202,178 195,402

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	84,943	1,573	(26,116)	60,400
Loss after income tax benefit for the half-year	-	-	(4,435)	(4,435)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,435)	(4,435)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	51,000	-	-	51,000
Share-based payments (note 16)	-	2,221	-	2,221
Balance at 31 December 2020	<u>135,943</u>	<u>3,794</u>	<u>(30,551)</u>	<u>109,186</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	226,023	12,910	(43,531)	195,402
Loss after income tax benefit for the half-year	-	-	(27,817)	(27,817)
Other comprehensive income for the half-year, net of tax	-	605	-	605
Total comprehensive income for the half-year	-	605	(27,817)	(27,212)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	25,224	-	25,224
Exercise of options	15,953	(7,189)	-	8,764
Share-based payments - cancelled options	-	(4)	4	-
Balance at 31 December 2021	<u>241,976</u>	<u>31,546</u>	<u>(71,344)</u>	<u>202,178</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31/12/2021 \$'000	31/12/2020 \$'000
Cash flows from operating activities			
Receipts from customers - net		45,530	7,859
Payments to suppliers and employees		(44,380)	(9,700)
Government grants		895	-
Research and development tax rebate received		-	584
Interest and other finance costs paid		(135)	(17)
Income taxes paid		(78)	(16)
Net cash from/(used in) operating activities		1,832	(1,290)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(6,235)	-
Net decrease in funds held on behalf of clients		(3,089)	-
Payments for property, plant and equipment		(10,338)	(109)
Payments for security deposits		-	(11,007)
Net cash used in investing activities		(19,662)	(11,116)
Cash flows from financing activities			
Proceeds from issue of shares	11	576	1,645
Proceeds from shares to be issued	11	8,161	50,000
Share issue transaction costs		-	(2,091)
Repayment of lease liabilities		(826)	(127)
Net cash from financing activities		7,911	49,427
Net (decrease)/increase in cash and cash equivalents		(9,919)	37,021
Cash and cash equivalents at the beginning of the financial half-year		120,608	31,625
Effects of exchange rate changes on cash and cash equivalents		191	(10)
Cash and cash equivalents at the end of the financial half-year		110,880	68,636

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover BetMakers Technology Group Ltd as a group consisting of BetMakers Technology Group Ltd (the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to in these financial statements as the 'group'). The financial statements are presented in Australian dollars, which is BetMakers Technology Group Ltd's functional and presentation currency.

BetMakers Technology Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 19, Level 2,
50 Glebe Road,
The Junction, NSW 2291

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022.

Note 2. Significant accounting policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Recoverability of intangible assets and deferred tax assets

During the period, the group incurred a net loss after tax of \$27,817,000 (2020: \$4,435,000) and net operating cash inflows of \$1,832,000 (2020: outflows of \$1,290,000). The company has prepared cash flow forecasts as at 31 December 2021 to determine the recoverability of the group's intangibles and deferred tax assets.

The key assumptions underlying these forecasts are as follows:

- Launch of fixed odds wagering in the USA.
- Continuation of existing domestic operations, and expansion of associated revenues.
- The successful expansion of the global racing content product; and
- Growing the global tote operations.

The directors are confident of achieving these assumptions. Should the above assumptions not be realised, the group may be unable to realise its intangibles and deferred tax assets.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2021 and are not expected to have any significant impact for the full financial year ending 30 June 2022.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The group operates in four segments being Global Racing Network, Global Betting Services, Global Tote and corporate. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis. The financial information presented in these financial statements are the same as that presented to the CODM.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Global Racing Network (formerly known as content and integrity)	The group assists racing bodies and rights holders in producing and distributing race content. This includes services such as barrier technology, official price calculation, vision, and pricing distribution.
Global Betting Services (formerly known as wholesale wagering products)	The group provides customers with a variety of racing software, data, and analytical tools. This includes basic race data such as pricing, runners, and form, analytical tools to consume and leverage the data and wagering tools such as platforms.
Global Tote	This includes the provision of tote software and integrations to facilitate tote liquidity and resulting.

Change in structure of segments reported
On 17 June 2021, the group acquired Sportech Holdco 1 Limited, eBet Technologies Inc, Sportech Racing Canada Inc and Sportech Racing LLC. These entities, and their subsidiaries, are the Racing, Tote and Digital operations formerly owned by Sportech PLC. Based on this acquisition, the group reviewed and adjusted its reporting segments. As a consequence, tote operations which were previously captured within wholesale wagering products, is now reported in the Global Tote segment.

Operating segment information

	Global racing network \$'000	Global betting services \$'000	Global tote \$'000	Total \$'000
Consolidated - 31/12/2021				
Revenue				
Sales to external customers	2,341	17,977	23,181	43,499
Total revenue	<u>2,341</u>	<u>17,977</u>	<u>23,181</u>	<u>43,499</u>
Segment result	(1,066)	3,919	5,896	8,749
Depreciation and amortisation	-	(2,095)	(3,407)	(5,502)
Profit/(loss) before income tax expense	<u>(1,066)</u>	<u>1,824</u>	<u>2,489</u>	<u>3,247</u>
Unallocated segment results				(6,613)
Depreciation and amortisation				(574)
Finance costs				(78)
Share option expense				(25,224)
Loss before income tax benefit				<u>(29,242)</u>
Income tax benefit				1,425
Loss after income tax benefit				<u>(27,817)</u>
Assets				
Segment assets	398	31,373	59,785	91,556
Unallocated assets				138,680
Total assets				<u>230,236</u>
Liabilities				
Segment liabilities	438	5,151	8,256	13,845
Unallocated liabilities				14,213
Total liabilities				<u>28,058</u>

Note 3. Operating segments (continued)

Consolidated - 31/12/2020

Revenue

Sales to external customers

Total revenue

Segment result

Depreciation and amortisation

Profit/(loss) before income tax expense

Unallocated segment results

Depreciation and amortisation

Finance costs

Share option expense

Loss before income tax benefit

Income tax benefit

Loss after income tax benefit

	Content & integrity \$'000	Wholesale wagering products \$'000	Total \$'000
Sales to external customers	1,820	5,774	7,594
Total revenue	1,820	5,774	7,594
Segment result	(183)	1,230	1,047
Depreciation and amortisation	(117)	(845)	(962)
Profit/(loss) before income tax expense	(300)	385	85
Unallocated segment results			(2,754)
Depreciation and amortisation			(178)
Finance costs			(12)
Share option expense			(3,083)
Loss before income tax benefit			(5,942)
Income tax benefit			1,507
Loss after income tax benefit			(4,435)

Revenue by geographical area

Australia and New Zealand
United Kingdom and Europe
United States of America
Rest of the world

	Sales to external customers	
	31/12/2021 \$'000	31/12/2020 \$'000
Australia and New Zealand	12,494	5,279
United Kingdom and Europe	8,072	896
United States of America	21,810	515
Rest of the world	1,123	904
	<u>43,499</u>	<u>7,594</u>

Revenue is recognised at the point the services are transferred.

Note 4. Expenses

	Consolidated	
	31/12/2021	31/12/2020
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	8	17
Plant and equipment	1,282	-
Computer equipment	124	45
Furniture and fittings	54	24
Buildings right-of-use assets	527	92
Total depreciation	1,995	178
<i>Amortisation</i>		
Intellectual property	322	153
Software	3,759	809
Total amortisation	4,081	962
Total depreciation and amortisation	6,076	1,140
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	141	16
Interest and finance charges paid/payable on lease liabilities	113	25
Finance costs expensed	254	41

Note 5. Trade and other receivables

	Consolidated	
	31/12/2021	30/06/2021
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	8,483	8,422
Other receivables	2,180	204
Rental bonds	241	204
Goods and services tax ('GST') receivable	3	194
	2,424	602
	10,907	9,024
<i>Non-current assets</i>		
Trade receivables	-	797
Employee Share Loan receivable	772	772
	772	1,569
	11,679	10,593

Employee Share Loans were extended to select employees in March 2015 for the purpose of purchasing shares in OM Group Holdings (the parent entity prior to IPO). The loans are repayable upon receipt of dividends or sale of shares. There was no interest charged on these loans during the period.

Note 6. Property, plant and equipment

	Consolidated	
	31/12/2021	30/06/2021
	\$'000	\$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	467	209
Less: Accumulated depreciation	(167)	(151)
	<u>300</u>	<u>58</u>
Plant and equipment - at cost	19,093	10,966
Less: Accumulated depreciation	(1,383)	(100)
	<u>17,710</u>	<u>10,866</u>
Computer equipment - at cost	1,033	865
Less: Accumulated depreciation	(628)	(504)
	<u>405</u>	<u>361</u>
Furniture and fittings - at cost	381	290
Less: Accumulated depreciation	(220)	(172)
	<u>161</u>	<u>118</u>
	<u><u>18,576</u></u>	<u><u>11,403</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Furniture and Fittings \$'000	Total \$'000
Balance at 1 July 2021	58	10,866	361	118	11,403
Additions	258	8,127	168	91	8,644
Exchange differences	(8)	(1)	-	6	(3)
Depreciation expense	(8)	(1,282)	(124)	(54)	(1,468)
Balance at 31 December 2021	<u><u>300</u></u>	<u><u>17,710</u></u>	<u><u>405</u></u>	<u><u>161</u></u>	<u><u>18,576</u></u>

The Company has invested in on-track and in-venue racing hardware, primarily for use in the US market. During the 6 months to 31 December 2021, the Company recognised assets of \$7,602,000 in relation to hardware acquired primarily for use in the US market.

Note 7. Right-of-use assets

	Consolidated	
	31/12/2021	30/06/2021
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,886	2,778
Less: Accumulated depreciation	(571)	(323)
	<u><u>3,315</u></u>	<u><u>2,455</u></u>

The group leases land and buildings for its offices of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 7. Right-of-use assets (continued)

The group leases photocopier office equipment. These leases are low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Plant and equipment \$'000
Consolidated	
Balance at 1 July 2021	2,455
Additions	1,757
Revaluation decrements	(370)
Depreciation expense	(527)
Balance at 31 December 2021	<u>3,315</u>

Note 8. Intangibles

	Consolidated 31/12/2021 \$'000	30/06/2021 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	46,107	46,107
Less: Impairment	(1,802)	(1,802)
	<u>44,305</u>	<u>44,305</u>
Intellectual property - at cost	11,645	11,645
Less: Accumulated amortisation	(1,580)	(1,258)
	<u>10,065</u>	<u>10,387</u>
Software - at cost	18,579	17,941
Less: Accumulated amortisation	(8,214)	(4,660)
	<u>10,365</u>	<u>13,281</u>
	<u>64,735</u>	<u>67,973</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$'000	Intellectual property \$'000	Software \$'000	Total \$'000
Consolidated				
Balance at 1 July 2021	44,305	10,387	13,281	67,973
Additions	-	-	593	593
Exchange differences	-	-	250	250
Amortisation expense	-	(322)	(3,759)	(4,081)
Balance at 31 December 2021	<u>44,305</u>	<u>10,065</u>	<u>10,365</u>	<u>64,735</u>

Note 9. Trade and other payables

	Consolidated	
	31/12/2021	30/06/2021
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	3,543	9,574
Accrued expenses	2,648	1,257
Other payables	4,052	6,723
	<u>10,243</u>	<u>17,554</u>

Note 10. Other financial liabilities

	Consolidated	
	31/12/2021	30/06/2021
	\$'000	\$'000
<i>Current liabilities</i>		
Deferred consideration	500	250
Lease make good	31	41
	<u>531</u>	<u>291</u>
<i>Non-current liabilities</i>		
Deferred consideration	8,500	8,750
Lease make good	79	76
	<u>8,579</u>	<u>8,826</u>
	<u>9,110</u>	<u>9,117</u>

Deferred consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. This balance represents the deferred settlement payable for the assets (intellectual property) from Form Cruncher and Swopstakes acquisition.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

Note 11. Issued capital

	Consolidated			
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	857,597,934	812,819,535	233,815	219,832
Unissued equity	-	-	8,161	6,191
	<u>857,597,934</u>	<u>812,819,535</u>	<u>241,976</u>	<u>226,023</u>

Unissued

equity

Unissued equity relates to funds received from Waterhouse VC to exercise options. The options had not been exercised, and shares had not been issued at 31 December 2021. Refer to note 17 for further detail.

Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2021	812,819,535	219,832
Shares issued	16 July 2021	34,396,233	6,191
Exercise of options	16 July 2021	-	7,155
Shares issued	16 July 2021	168,688	31
Exercise of options	16 July 2021	47,267	-
Shares issued	27 July 2021	9,000,000	540
Exercise of options	27 July 2021	256,888	-
Exercise of options	27 July 2021	50,000	3
Shares issued	8 October 2021	59,322	-
Exercise of options	8 October 2021	800,000	33
Exercise of options	31 December 2021	-	30
Balance	31 December 2021	<u>857,597,933</u>	<u>233,815</u>

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Contingent liabilities

As announced on 5 February 2020, the company signed an agreement to deliver and manage fixed odds horse racing into New Jersey along with the exclusive distribution of Monmouth Park racing content throughout other parts of the United States and internationally. The company will pay Monmouth park a fee equal to a percentage of the turnover of approved wagering operators in relation to the distribution of Monmouth data in the US domestic market. The company has guaranteed that a minimum of US\$5.0 million in fees will be paid to Monmouth over the initial 5-year term of the agreement.

As further announced by the Company on 24 January 2022, the above agreements with Darby Development LLC and the New Jersey Thoroughbred Horseman Association were amended. Under the amended terms, the new contracts are for a term of 15 years effective from 1 May 2020, and the Company may elect to extend the term for an additional 15 years. Whilst the terms are confidential, the Company has agreed to make a minimum annual contribution to the New Jersey overnight purses for thoroughbred races, and has guaranteed the New Jersey Thoroughbred Horseman Association up to US\$1 million against any reduction in contributions toward the overnight purses from pari-mutuel and any other forms of wagering together with any other arrangements requiring payments to the overnight purses, as a result of fixed odds wagering derived from existing pari-mutuel wagering and any other forms of wagering, as measured against the most recent 12-month comparable time period pre-COVID 19 (March 2020).

Note 14. Related party transactions

Parent entity

BetMakers Technology Group Ltd is the parent entity.

Transactions with related parties

During the period, the company paid \$377,000 to an associated party of one of the directors for reimbursement of reasonable out-of-pocket expenses in dealing with the company's business. There were no transactions with related parties during the previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 14. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31/12/2021	30/06/2021
	\$	\$
Current receivables:		
Loan to key management personnel *	360,922	360,922

* As detailed in note 5, the group issued Employee Share Loans in March 2015. Those loans are repayable upon payment of a dividend or upon share sale. As at 31 December 2021, \$360,922 (30 June 2021: \$360,922) of share loans related to key management personnel.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 15. Earnings per share

	Consolidated	
	31/12/2021	31/12/2020
	\$'000	\$'000
Loss after income tax attributable to the owners of BetMakers Technology Group Ltd	<u>(27,817)</u>	<u>(4,435)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>852,998,832</u>	<u>589,333,242</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>852,998,832</u>	<u>589,333,242</u>
	Cents	Cents
Basic earnings per share	(3.26)	(0.75)
Diluted earnings per share	(3.26)	(0.75)

46,325,000 (31 December 2020: 28,612,500) options and 106,500,002 (31 December 2020: 4) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2021. These options could potentially dilute basic earnings per share in the future.

Note 16. Share-based payments

Shares are granted under the Long Term Incentive Plan ('LTIP'), which has been established by the group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price) to eligible participants ('awards'). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant. The vesting of the options are contingent upon various company performance and term-of-service metrics.

There were no new options or performance rights granted/issued to employees during the period.

The share based payment expense for the options and performance rights during the period was recognised in the profit or loss of \$25,224,000 (\$17,577,000 for performance rights and \$7,647,000 for options) (31 December 2020: \$3,083,000 (\$2,650,000 for performance rights and \$433,000 for options)).

Note 16. Share-based payments (continued)

Set out below are summaries of options under the plan:

	Number of options 31/12/2021	Weighted average exercise price 31/12/2021	Number of options 31/12/2020	Weighted average exercise price 31/12/2020
Outstanding at the beginning of the financial half-year	56,562,500	\$0.072	63,396,681	\$0.075
Granted	-	\$0.000	2,050,000	\$0.476
Exercised	(10,237,500)	\$0.060	(34,640,904)	\$0.073
Cancelled	-		(2,193,277)	\$0.300
Outstanding at the end of the financial half-year	<u>46,325,000</u>	\$0.521	<u>28,612,500</u>	\$0.092
Exercisable at the end of the financial half-year	<u>13,575,000</u>	\$0.091	<u>24,500,000</u>	\$0.060

Of the 46,325,000 options outstanding at 31 December 2021, 32,000,000 options were issued by the Company as part of an exclusive agreement entered into with Mr Matt Tripp, to become a strategic advisor (as announced by the Company on 17 February 2021). Mr Tripp was awarded performance rights and options that vest upon the company entering into 'Strategic' and/or 'Transformational' transactions as defined under the agreement.

Performance rights

As part of the commercial agreements that involve the Waterhouse Group providing ongoing services of the Managed Trading Services division and the launch of tomwaterhouse.com betting application, the company agreed to issue performance rights (convertible into options) to Waterhouse VC. Performance rights were also issued to employees under the company's LTIP for nil consideration.

Set out below are summaries of performance rights exercisable at the end of the financial half-year:

31/12/2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
27/05/2020*	25/07/2021	\$0.180	1	-	(1)	-	-
27/05/2020*	25/01/2022	\$0.180	1	-	(1)	-	-
27/05/2020*	25/07/2022	\$0.180	1	-	-	-	1
27/05/2020*	25/01/2023	\$0.180	1	-	-	-	1
29/04/2021	30/06/2023	\$0.000	5,000,000	-	-	-	5,000,000
29/04/2021	30/06/2024	\$0.000	5,000,000	-	-	-	5,000,000
29/04/2021	30/06/2025	\$0.000	5,000,000	-	-	-	5,000,000
29/04/2021	30/06/2025	\$0.000	5,000,000	-	-	-	5,000,000
29/04/2021	30/06/2025	\$0.000	5,000,000	-	-	-	5,000,000
29/04/2021**	01/02/2023	\$0.000	35,000,000	-	-	-	35,000,000
29/04/2021**	01/02/2023	\$0.000	32,000,000	-	-	-	32,000,000
23/06/2021	30/06/2025	\$0.000	15,050,000	-	-	(550,000)	14,500,000
			<u>107,050,004</u>	<u>-</u>	<u>(2)</u>	<u>(550,000)</u>	<u>106,500,002</u>

Note 16. Share-based payments (continued)

* On 28 January 2020, the company announced that it had signed conditional commercial agreements with the Waterhouse Group to build and operate new wagering products. As part of the commercial agreements, the company agreed to issue performance rights (convertible into options) to Waterhouse VC. On 27 May 2020, upon receiving shareholder approval, the company issued Waterhouse VC 4 performance rights. Upon achieving revenue hurdles during the vesting period, the performance rights will convert to options. The maximum number of options which may be issued, in aggregate, on conversion of all performance rights is 94,741,686 options. All performance rights issued will have an exercise price of \$0.18 per ordinary share. On 16 July 2021, the Company issued 34,564,921 shares to Waterhouse VC Pty Ltd due to the vesting and conversion of its Class A Performance Right. Waterhouse VC paid \$6,221,685.78 to BET on exercise of the options. On 31 January 2022, the Company issued 45,862,414 shares to Waterhouse VC Pty Ltd due to the vesting and conversion of its Class B Performance Right. Waterhouse VC paid \$8,255,234.52 to BET on exercise of the options. After conversion of the Class A and Class B Performance Rights, there are 14,314,351 remaining options available to be earned under the commercial agreements.

** 67,000,000 performance rights were issued by the Company as part of an exclusive agreement entered into with Mr Matt Tripp, to become a strategic advisor (as announced by the Company on 17 February 2021). Mr Tripp was awarded performance rights and options that vest upon the company entering into 'Strategic' and/or 'Transformational' transactions as defined under the agreement.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.35 years (2020: 3 years).

Note 17. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, given the recent broad ranging impact of the Omicron variant, it is not possible at this time to state that the pandemic will not subsequently impact the group's operations going forward. The group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

On 24 January 2022, the company announced that it had signed an amended and restated Fixed Odds & Data Distribution Agreement with Darby Development LLC, the operator of Monmouth Park racetrack, and the New Jersey Thoroughbred Horseman Association. Under the amended terms, the new contracts are for a term of 15 years effective from 1 May 2020, and the company may elect to extend the term for an additional 15 years.

On 31 January 2022, the company issued 45,862,414 shares to Waterhouse VC Pty Ltd due to the vesting and conversion of its Class B Performance Right being converted in 45,862,414 options which were exercisable into ordinary shares of the company at an exercise price of \$0.18 per option. Waterhouse VC paid \$8,255,234.52 to BET on exercise of the options.

On 9 February 2022, Rebekah Giles was appointed to the company's board as an Independent Non-Executive Director.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Nicholas Chan
Chairman



Todd Buckingham
Director

28 February 2022
Newcastle

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BETMAKERS TECHNOLOGY GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Betmakers Technology Group Limited (the "consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Betmakers Technology Group Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Betmakers Technology Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



PAUL PEARMAN
PARTNER

28 FEBRUARY 2022
NEWCASTLE, NSW