

2 April 2020

UPDATE ON WATERHOUSE AGREEMENT

Further to the announcement released on 28 January 2020 (“Previous Announcement”), the Board of BetMakers Technology Group Limited (“BetMakers” or “the Company”) (ASX:BET) advises that, following consultation with the ASX and Waterhouse VC¹, the Company and its wholly owned subsidiary, BetMakers DNA Pty Ltd (“BDnA”), have entered into a deed of variation to vary the terms of the performance rights (“Performance Rights”) to be issued to Waterhouse VC which will convert into options over ordinary shares in BetMakers (“Options”).

The full revised terms of the Performance Rights and Options are set out in the annexure to this announcement. The material variations to the terms of the Performance Rights include:

- the Performance Rights will cover the MTS Agreement and App Agreement (each defined in the Previous Announcement) from the day after BET obtains shareholder approval for the issue of the Performance Rights until 31 December 2022;
- each Performance Right will be convertible into Options subject to the aggregate audited revenue generated under the App Agreement and the MTS Agreement (each defined in the Previous Announcement) (“Aggregate Revenue”) over the relevant Vesting Period being at least \$100,000 (“Minimum Revenue Threshold”);
- after the expiry of a Vesting Period, BET will have the Aggregate Revenue audited to confirm the number of Options to be issued on conversion of the relevant Performance Right; and
- the maximum number of Options which may be issued to Waterhouse VC, in aggregate, on conversion of all Performance Rights is 94,741,686 Options (subject to any reorganisation of the issued share capital in BetMakers).

The App Agreement and the MTS Agreement remain conditional on shareholders approving the issue of the Performance Rights. An Appendix 3B will be released to the market today.

For further information please contact

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

¹ “Waterhouse VC” means Waterhouse VC Pty Ltd ACN 635 494 861 in its capacity as the trustee of the Waterhouse VC Unit Trust.

Annexure:

Performance Rights Terms

The material terms and conditions of the Performance Rights are as follows:

1. Vesting and Conversion

- (a) Subject to the Minimum Revenue Threshold being achieved during the relevant Vesting Period, the relevant Performance Right will vest and, subject to clause 1(d), be converted into Options in accordance with clause 1(b).
- (b) If the Minimum Revenue Threshold is achieved during the relevant Vesting Period (as applicable), subject to clause 1(d), the relevant Performance Right will vest on the applicable Vesting Date and convert into the number of Options (with fractional entitlements rounded up) calculated using the following formula for nil consideration:

A
B

Where:

A = total Revenue generated during the Vesting Period applicable to the Performance Right
B = the Conversion Price

- (c) For the avoidance of doubt, if the Minimum Revenue Threshold is not met by the end of any Vesting Period, the relevant Performance Right applicable to that Vesting Period will not vest and will automatically lapse and be cancelled.
- (d) The maximum number of Options which may be issued, in aggregate, to the holder on conversion of all Performance Rights is 94,741,686 Options (**Option Cap**). For the avoidance of doubt, if the holder is issued, in aggregate, an amount of Options equal to the Option Cap while any Performance Right remains unvested then no further Options may be issued in respect of those unvested Performance Rights and those unvested Performance Rights will automatically lapse and be cancelled.

By way of example, if the holder was issued:

- 60 million Options on conversion of the Class A Performance Right; and
- 30 million Options on conversion of the Class B Performance Right;

and during the Class C Vesting Period Betmakers ListCo generates \$1 million in Revenue, then:

- the Class C Performance Right will convert into 4,741,686 Options; and
- the Class D Performance Right will automatically lapse and be cancelled.

2. Issue of Options

Following the vesting of a Performance Right, BetMakers Listco must issue the Options to the holder or at the holder's direction within 5 Business Days.

3. General

- (a) The Performance Rights will not be quoted on the ASX and will not otherwise be transferable.
- (b) The Performance Rights do not confer on the holder any right to participate in dividends or voting until Shares are allotted pursuant to the exercise of the Options in accordance with the terms and conditions of Schedule 2 to the Agreement.
- (c) In the event of a reorganisation of the issued capital of BetMakers Listco, the Performance Rights and the Option Cap will be reorganised in a manner consistent with the Corporations Act and the Official Listing Rules of the ASX (**Listing Rules**) (if applicable) and in any case in a manner which will not result in any benefits being conferred on the holder which are not conferred on shareholders of BetMakers Listco and for such purpose BetMakers Listco may vary the number or other terms of the Performance Rights in such manner as may be necessary to comply with the Listing Rules.
- (d) There are no participating rights or entitlements inherent in the Performance Rights and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Performance Rights.
- (e) The Performance Rights do not confer the right to an increase in the number of Options which the holder of the Performance right would receive as a result of a bonus issue.

- (f) A Performance Right does not confer the right to a change in conversion price or a change in the number of underlying Options or Shares into which the Performance Right can be converted other than as provided in these Terms.
- (g) If at any time the issued capital of BetMakers Listco is reorganised, all rights of a holder (including the Option Cap) are to be changed in a manner consistent with the Corporations Act 2001 (Cth) and the ASX Listing Rules at the time of the reorganisation.

4. Definitions

Capitalised words used in these terms bear their corresponding meaning in the Agreement, unless otherwise defined below:

- (a) **Agreement** means the agreement between BetMakers DNA Pty Ltd ACN 627 537 044, BetMakers Technology Group Ltd ACN 164 521 395, Tom Waterhouse Punting Pty Ltd ACN 625 660 648 and Waterhouse VC Pty Ltd ACN 635 494 861 dated on or around 24 January 2020 as varied under a Deed of Variation between the parties dated 27 January 2020 and a Deed of Variation between the parties dated 1 April 2020;
- (b) **Class A Performance Right** means a right to be issued Options calculated under clause 1 of these terms, having regard to the relevant defined terms;
- (c) **Class A Vesting Period** means the period commencing on the Commencement Date and ending on 30 June 2021;
- (d) **Class B Performance Right** means a right to be issued Options calculated under clause 1 of these terms, having regard to the relevant defined terms;
- (e) **Class B Vesting Period** means the period commencing on 1 July 2021 and ending on 31 December 2021;
- (f) **Class C Performance Right** means a right to be issued Options calculated under clause 1 of these terms, having regard to the relevant defined terms;
- (g) **Class C Vesting Period** means the period commencing on 1 January 2022 and ending on 30 June 2022;
- (h) **Class D Performance Right** means a right to be issued Options calculated under clause 1 of these terms, having regard to the relevant defined terms;
- (i) **Class D Vesting Period** means the period commencing on 1 July 2022 and ending on 31 December 2022;
- (j) **Commencement Date** means the day of a calendar month occurring immediately following the satisfaction of the Condition;
- (k) **Condition** means the ASX approving the terms of the Performance Rights and Options and shareholders of BetMakers Technology Group Ltd duly approving the grant and issue of the Performance Rights to Waterhouse VC Pty Ltd (or its nominee) for the purposes of the ASX Listing Rules and for all other purposes;
- (l) **Conversion Price** means AUD\$0.18;
- (m) **Minimum Revenue Threshold** means audited Revenue of at least AUD\$100,000;
- (n) **Options** means options exercisable into Shares on a 1:1 basis on the terms set out in Schedule 2 of the Agreement;
- (o) **Performance Rights** means the Class A Performance Rights, Class B Performance Rights, Class C Performance Rights and Class D Performance Right, and **Performance Right** means any one of them;
- (p) **Revenue** means the total revenue generated by BetMakers Listco under the agreements between one or more of BetMakers DNA Pty Ltd, BetMakers Listco, Waterhouse VC, Tom Waterhouse Punting Pty Limited and Tarpin dated on or around the date of the Agreement; (noting one being this agreement and the other being the agreement with Tarpin) and such other agreements agreed to be included;
- (q) **Shares** means ordinary shares in BetMakers Listco;
- (r) **Tarpin** means Tarpin Finance Pty Ltd ACN 622 556 423;
- (s) **Vesting Date** means the date that is 20 business days after the end of the relevant Vesting Period.
- (t) **Vesting Period** means:
 - (i) in respect of Class A Performance Rights, the Class A Vesting Period;
 - (ii) in respect of Class B Performance Rights, the Class B Vesting Period;
 - (iii) in respect of Class C Performance Rights, the Class C Vesting Period; and
 - (iv) in respect of Class D Performance Rights, the Class D Vesting Period;

Options Terms

- (a) Capitalised words used in these terms bear their corresponding meaning in the Agreement, unless otherwise defined below:
- (i) **Exercise Price** means AUD\$0.18; and
 - (ii) **Expiry Date** means the date that is 2 years after the date of issue of the Option; and
- (b) Each Option gives the holder the right to subscribe for one Share.
- (c) Any Option not exercised before the Expiry Date will automatically lapse on the relevant Expiry Date.
- (d) The amount payable upon exercise of each Option is the Exercise Price.
- (e) Options will not be quoted on the Australian Securities Exchange (**ASX**) and will not otherwise be transferable.
- (f) The Options held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) A holder may exercise their Options by lodging with BetMakers Listco, before the Expiry Date:
- (i) a written notice of exercise of Options specifying the number and class of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,
- (Exercise Notice).**
- (h) An Exercise Notice is only effective when BetMakers Listco has received the full amount of the Exercise Price in cleared funds.
- (i) Subject to clause (j) of these terms, within 20 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price (and subject to BetMakers Listco obtaining any necessary prior approvals from Shareholders or regulatory bodies for the issue of the Shares), BetMakers Listco will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (j) The holder must not request to exercise Options, and BetMakers Listco must not issue Shares upon the exercise of Options to the holder, if such issue of Shares would result in the holder having a relevant interest (as this term is defined in the Corporations Act) in more than 19.99% of the total issued share capital of BetMakers Listco.
- (k) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (l) BetMakers Listco will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 3 Business Days after the date of issue of those Shares.
- (m) If at any time the issued capital of BetMakers Listco is reorganised, all rights of a holder are to be changed in a manner consistent with the Corporations Act 2001 (Cth) and the ASX Listing Rules at the time of the reorganisation.
- (n) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders of BetMakers Listco (**Shareholders**) during the currency of the Options. However, BetMakers Listco will ensure that for the purposes of determining entitlements to any such issue, the record date for determining entitlements to participate in any new issue will be at least 10 Business Days after the issue is announced. This will give holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (o) Options do not confer the right to a change in exercise price on a pro rata issue of Shares in the capital of BetMakers Listco.
- (p) Options do not confer the right to an increase in the number of Shares which the holder of the Option would receive as a result of a bonus issue.
- (q) Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of BetMakers Listco from their date of issue.
- (r) Other than otherwise provided in these terms, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.