

28 May 2021

BETMAKERS SUBMITS NON-BINDING, INDICATIVE PROPOSAL TO ACQUIRE TABCORP'S WAGERING AND MEDIA BUSINESS

Highlights

- **BetMakers has submitted an indicative proposal to acquire Tabcorp's Wagering and Media business**
- **The combination would be transformational and combine the technology capabilities and global platform of BetMakers with the scale and content assets of Tabcorp Wagering and Media**
- **Significant opportunity to enhance Tabcorp Wagering and Media's consumer proposition in Australia and improve monetisation of its content globally by leveraging BetMakers' technology and B2B expertise**
- **Compelling opportunity for all stakeholders with Tabcorp and BetMakers shareholders expected to share in significant value to be unlocked; improved funding to the Australian racing industry; and new products for customers**

BetMakers Technology Group Limited (ASX:BET) ("**BetMakers**" or the "**Company**") today announces that it has submitted a non-binding, indicative proposal to acquire Tabcorp Holdings Limited's ("**Tabcorp**") Wagering and Media business ("**Tabcorp Wagering and Media**") for an enterprise value of A\$4.0 billion (the "**Indicative Proposal**").

Under the Indicative Proposal, Tabcorp would receive A\$1.0 billion in cash ("**Cash Consideration**"), which BetMakers anticipates funding through debt financing, and A\$3.0 billion in BetMakers shares ("**Share Consideration**"). The number of shares to be issued is to be fixed at the time a transaction is agreed and priced at a 15% premium to the traded price of BetMakers prior to signing. Based on the 10-day volume weighted average price ("**VWAP**") to 26 May 2021, the Indicative Proposal would provide Tabcorp shareholders with an approximate 65%¹ interest (on a fully diluted basis) in the combined BetMakers and Tabcorp Wagering and Media business (the "**Combined Entity**") plus A\$1.0 billion in cash to Tabcorp.

BetMakers further proposes that the Share Consideration is distributed *in specie* to Tabcorp shareholders on a pro rata basis, allowing Tabcorp shareholders to convert their indirect interest in Tabcorp Wagering and Media into a direct and liquid shareholding in the Combined Entity, providing flexibility and choice. The Combined Entity is expected to be moderately geared at less than 2.5x net debt / EBITDA on a pro forma basis.

¹ Based on approximately 1,789,577,203 new shares issued as consideration to Tabcorp shareholders at approximately ~A\$1.68 per share, based on the 10-day VWAP to 26 May 2021 of ~A\$1.46 per share. Assumes 960,944,905 fully diluted BetMakers shares held by existing BetMakers shareholders. Illustrative only.



BetMakers believes that the acquisition and Indicative Proposal represents a compelling value proposition for both BetMakers and Tabcorp shareholders for the following reasons:

- **Competitive global wagering platform:** Brings together two highly complementary businesses to create a competitive global wagering and technology platform with scalable operations across both B2B and B2C markets;
- **Enhanced technology:** The Combined Entity is able to take advantage of BetMakers' technology and product innovation to compete more aggressively in an increasingly digital-driven consumer market;
- **Global growth initiatives:** Global opportunities to be pursued by leveraging the incumbent and iconic Australian TAB brand and content with BetMakers' established global network, market access and strong partnerships with US racing bodies;
- **Broader content monetisation:** Monetisation of Tabcorp Wagering and Media's media content on a global scale through BetMakers' network of global partners; and
- **Highly experienced management:** Combination of knowledge and market expertise of Tabcorp Wagering and Media's and BetMakers' leaders, including BetMakers' strategic adviser and Australia's leading wagering operator, Matt Tripp.

Importantly, the Indicative Proposal will result in the retention of an Australian ownership structure and continued commitment to support the Australian racing industry as mutual growth initiatives are pursued.

The Indicative Proposal provides unique advantages to Tabcorp and its shareholders with a transaction that:

- Enables Tabcorp to unlock the value of Tabcorp Wagering and Media;
- Has advantages over a cash sale by providing Tabcorp shareholders with flexibility and choice via a direct shareholding in the Combined Entity and the ability to retain exposure to Tabcorp Wagering and Media;
- Has advantages over a demerger of Tabcorp Wagering and Media by accelerating the growth strategy through providing access to BetMakers' technology and an established global network for the monetisation of content globally; and
- Provides Tabcorp with material cash consideration to reduce debt.

BetMakers Chief Executive Officer, Todd Buckingham said:

"Over the past few years, BetMakers has been focussed on growing an international footprint to position itself as a world-leading data and technology products and services provider that can deliver commercial benefits for the two critical pillars of the racing world: racing bodies and wagering operators.

"The potential acquisition of Tabcorp's Wagering and Media business represents an exciting opportunity for BetMakers to deliver transformational growth and realise the value of these new assets in line with this strategy.

"Building on BetMakers' success to date, the Combined Entity would be a compelling investment proposition as one of the most broadly deployed global racing networks in the market. We are uniquely placed to pursue commercial opportunities globally, and in particular, in the United States.

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“TAB and Sky Racing have a strong wagering brand, and we believe that BetMakers is uniquely positioned for an opportunity to grow and further enhance the business both in Australia and globally.”

BetMakers Strategic Adviser, Matt Tripp said:

“I am excited by the potential opportunity to reinvigorate the Tabcorp Wagering and Media business. There is significant potential for the business to grow in partnership with BetMakers and I hope to get the opportunity to support the Australian racing industry which relies on the success and growth of TAB.

“I have been very impressed with the world-class team BetMakers has put together and the enormous growth opportunities they have created globally, including in the rapidly emerging US wagering landscape, and the timing could not be better for this unique opportunity.

“Aside from the value that this offer is anticipated to unlock for shareholders in both companies, this is an incredibly exciting opportunity for the Tabcorp Wagering and Media business to maximise its commercial potential on a global scale.”

BetMakers looks forward to working with Tabcorp to further develop the Indicative Proposal and to provide a near-term solution for Tabcorp and its shareholders.

There is no certainty that the Indicative Proposal will result in any transaction. Execution of definitive transaction documentation is subject to a number of conditions including due diligence. BetMakers will make any decisions in relation to the Indicative Proposal having regard to strict strategic and financial criteria and the Indicative Proposal represents a conditional, incomplete and non-binding proposal which is subject to negotiation.

In the event that definitive transaction documentation is executed by BetMakers and Tabcorp, completion of the transaction will be subject to customary conditions precedent, which may include ASX approval and such BetMakers’ shareholder approvals as may be required, including under ASX Listing Rule 7.1 and 11.1.2 (if required by ASX).

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

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- 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.

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