**BetMakers Technology Group Ltd**
**Appendix 4E**
**Preliminary final report**

## 1. Company details

| | |
|---|---|
| Name of entity: | BetMakers Technology Group Ltd |
| ABN: | 21 164 521 395 |
| Reporting period: | For the year ended 30 June 2021 |
| Previous period: | For the year ended 30 June 2020 |

## 2. Results for announcement to the market

| | | | | $ |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 126.7% | to | 19,460,509 |
| Loss from ordinary activities after tax attributable to the owners of BetMakers Technology Group Ltd | up | 715.6% | to | (17,459,039) |
| Loss for the year attributable to the owners of BetMakers Technology Group Ltd | up | 715.6% | to | (17,459,039) |

*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 $17,459,039 (30 June 20202: $2,140,551). This includes share-based payments expense of $12,358,345.

Further information on the 'Review of operations' is detailed in the Directors' report and Chief Executive Officer's report which is part of the Annual Report.

## 3. Net tangible assets

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Net assets | 195,402,514 | 60,400,727 |
| Less: Intangibles | (67,972,749) | (20,072,068) |
| Less: Right-of-use (ROU) assets | (2,455,143) | (465,555) |
| Add: Lease liabilities - current | 363,628 | 112,727 |
| Add: Lease liabilities - non-current | 2,130,392 | 350,214 |
| Net tangible assets | 127,468,642 | 40,326,045 |

| | Consolidated 2021 | Consolidated 2020 |
|---|---|---|
| Number of ordinary shares on issue | 812,819,535 | 568,539,998 |

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | 15.68 | 7.09 |

## 4. Control gained over entities

Refer to note 28 'Business combinations' and note 29 'Interests in subsidiaries' for further details.

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## 5. Loss of control over entities

Not applicable.

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## 6. Details of associates and joint venture entities

Not applicable.

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## 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.

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## 8. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

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## 9. Attachments

*Details of attachments (if any):*

The Annual Report of BetMakers Technology Group Ltd for the year ended 30 June 2021 is attached.

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## 10. Signed

As authorised by the Board of Directors

Signed ______________________________ Date: 30 August 2021

Todd Buckingham
Director
Newcastle

# BetMakers Technology Group Ltd

**ABN 21 164 521 395**

# Annual Report - 30 June 2021

| | |
|---|---|
| Directors | Nicholas Chan - Chairman<br>Todd Buckingham<br>Simon Dulhunty<br>Matt Davey |
| Company secretary | Charly Duffy |
| Notice of annual general meeting | The details of the annual general meeting of BetMakers Technology Group Ltd are:<br>22 Lambton Road<br>Broadmeadow, NSW 2292<br>Tuesday, 23 November 2021 at 11:00 a.m. (AEDT) |
| Registered office | 22 Lambton Road<br>Broadmeadow, NSW 2292<br>Head office telephone: (02) 4957 4704 |
| Share register | Computershare Investor Services Pty Limited<br>Level 4<br>60 Carrington Street<br>Sydney, NSW 2000<br>Share registry telephone: 1300 787 272 |
| Auditor | PKF(NS) Audit & Assurance Limited Partnership<br>755 Hunter Street<br>Newcastle West, NSW 2302 |
| Solicitors | Coghlan Duffy & Co<br>Level 42, Rialto South Tower<br>525 Collins Street<br>Melbourne, VIC 3000 |
| Stock exchange listing | BetMakers Technology Group Ltd shares are listed on the Australian Securities Exchange (ASX code: BET) |
| Website | http://betmakers.com |
| Corporate Governance Statement | The directors and management are committed to conducting the business of BetMakers Technology Group Ltd in an ethical manner and in accordance with the highest standards of corporate governance. BetMakers Technology Group Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.<br><br>The group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the group's website at http://betmakers.com/corporate. |

To my fellow shareholders,

I am pleased to update you on the Company's progress and performance in FY2021.

The Company reported FY21 revenues of $19.5million, which represents a 127% increase on FY20.

The result was driven by rising demand for BetMakers' products and services in Australia and overseas and included two weeks of revenue from the Company's acquisition of Sportech's Racing and Digital businesses, which completed on 17 June 2021.

The Sportech acquisition and acceleration of the Company's strategy in the United States market, including Fixed Odds betting on horse racing, were highlights in a transformational year for BetMakers on the global wagering stage.

BetMakers now operates in more than 30 countries with more than 200 customers, processing more than $15billion of wagering turnover annually.

As Chief Executive Officer, I could not be more excited about the potential of the Company and the size of the opportunities our dedicated teams have established globally.

We have successfully built on our position as a core data and technology partner to the global racing industry – for racing bodies, rights holders and wagering operators - with demand for digital wagering and integrity products growing in Australia and internationally.

It is especially pleasing that our collective vision for the Company over the past three years is being clearly actioned. Management and staff are implementing plans and executing on a global strategy that has been supported by the Company's board.

The strategy, which at its core has a focus on creating and delivering best-in-class B2B wagering and integrity-led products that monetise content for stakeholders across a global racing ecosystem, has delivered sustained value growth for shareholders.

This is demonstrated by the share price performance over the past two years: FY20 recorded 844% growth ($0.045 to $0.425); and in FY21 the growth was 152% ($0.425 to $1.070).

I am thankful for the support of shareholders, especially long-term holders, and those who have invested as part of BetMakers' journey. It has, at times, been a voyage into unchartered waters, but we have always believed in staying the course and that the prize we were sailing towards would not come without some rough seas.

Over the course of FY21, BetMakers has continued to grow its domestic business in Australia while navigating new territories and markets that have now established the foundations for the Company's next phase of growth globally.

In pioneering, by advocacy, Fixed Odds betting on horse racing in the United States, and subsequently the approvals by law in the state of New Jersey, we are playing a leading role in the innovation and evolution of horse racing.

By continuing to pursue strategic opportunities, such as the acquisition of Sportech PLC's racing and digital assets, we are investing in global opportunities that we believe can achieve significant scale for the Company while also providing financial strength for the global horse racing industry as it competes with other sports, both for audiences and share of wagering.

In building this vision, we have assembled some of the best executives and advisors available in global wagering: Matt Davey, a global entrepreneur in the wagering space, and BetMakers' biggest shareholder, has committed to the long-term growth of the Company and has been a valued addition serving as a Non-Executive Director on our board; Matt Tripp, a pioneer of online wagering in Australia, bought into BetMakers during FY21 and agreed to be an exclusive advisor for the Company on B2B wagering globally.

We now have Australian offices in three states (Newcastle in NSW, Melbourne in Victoria and Brisbane in Queensland) and a highly skilled development and race-day operations team in Columbo, Sri Lanka. Together with the acquisition of the Sportech racing and digital assets we have offices in 8 countries.

The culmination of this growth, in talented people and geographies, is the intention to create one of the most prominent companies in the global wagering sector.

I would like to thank BetMakers' Chairman of the Board, Nick Chan, who has been with the Company since its inception, and all board members for their support in FY21.

The board, management and staff remain mindful that this year has again been a very difficult period for many people around the world during waves of the Coronavirus, and we extend our thoughts to all those affected.

The Company's resilience as a borderless digital business has been evidenced more than ever this year, but just as importantly, the ability of our staff to operate under times of duress, and still deliver the highest quality and continuity of services, has been remarkable.

Finally, with the addition of staff from all over the world who have embraced the BetMakers' culture and passion, I would personally like to thank all of you.

We are aligned as a Company with a clear vision and coherent action plans. And we are excited.

Regards

Todd Buckingham
CEO - BetMakers Technology Group Ltd
ASX: BET

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 year ended 30 June 2021.

## Directors

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

Nicholas Chan - Chairman
Todd Buckingham
Simon Dulhunty
Matt Davey (appointed 4 September 2020)

## Principal activities

The group's principal activities during the financial 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.

## Dividends

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

## Review of operations

The loss for the group after providing for income tax amounted to $17,459,039 (30 June 2020: $2,140,551).

Excluding depreciation and amortisation, income tax benefit, financing costs and share-based payments expense, the group’s result was a loss before exceptional items of $5,785,171. This includes $2,804,847 of expenses in relation to the company’s acquisition of Sportech PLC’s Racing and Digital assets.

## Significant changes in the state of affairs

During the year BetMakers continued to invest in the development of its global strategy.

On 1 December 2020 BetMakers announced it had entered into binding agreements to acquire Sportech PLC’s Racing and Digital assets ('Sportech') for a consideration of GBP 30.9 million. The transaction completed on 17 June 2021.

To support the funding of the Sportech asset acquisition, on 2 December 2020 BetMakers announced it had received firm commitments to raise $50,000,000 (before costs) under a placement via the issue of approximately 83.3 million new fully paid ordinary shares at an offer price of $0.60.

In addition to the above, the company announced the launch of a $10,000,000 Share Purchase Plan to existing eligible investors, to issue new fully paid ordinary shares at an offer price of $0.60. This offer closed on 15 January 2021 and was oversubscribed.

On 17 February 2021, the company announced that it had entered into an exclusive agreement with Mr Matt Tripp to become a strategic advisor. In addition to this, Mr Tripp also agreed to subscribe for $25,000,000 of new ordinary shares in the company at an issue price of $0.70 per share. The company also received firm commitments of $50,000,000 from several existing shareholders, also at an issue price of $0.70 per ordinary share.

On 23 June 2021, the company acquired the technology platform assets, databases and intellectual property of racing data company Form Cruncher Pty Ltd. In consideration for these assets, the company agreed an initial payment of $1,000,000 and a performance payment of up to $1,000,000.

On 23 June 2021, the company acquired the technology and intellectual property associated with Swopstakes betting product. In consideration for these assets, the company agreed an initial payment of $634,750 and a performance payment of up to $15,000,000.

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

## Matters subsequent to the end of the financial year

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 6 August 2021, the New Jersey Governor signed the Bill to 'authorise fixed odds wagering on horse races through fixed odds wagering system'. BET has an exclusive 10-year agreement with New Jersey Thoroughbred Horsemen Association and Darby Development LLC., to deliver and manage Fixed Odds thoroughbred horse racing into New Jersey.

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, 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.

No other matter or circumstance has arisen since 30 June 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.

## Likely developments and expected results of operations

The group will continue to focus on expanding its current business and operations both domestically and internationally. Management believe that the group continues to be well positioned to generate sustainable long-term growth and value creation.

## Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on directors

| | |
|---|---|
| Name: | Nicholas Chan |
| Title: | Chairman and Non-Executive Director |
| Experience and expertise: | Nicholas (Nick) Chan has more than 33 years' experience in media. He has held senior leadership and operational roles with leading Australian media companies. Nick was most recently Group Chief Operating Officer ('COO') at Seven West Media and prior to that, Chief Executive Officer ('CEO') of Pacific Magazines, a subsidiary of Seven West Media, for nine years. He joined Pacific Magazines from Text Media, where he was a CEO. He held a range of senior positions at ACP Publishing including Group Publisher and COO. Nick is a former Chairman of The Magazines Publishers of Australia and CEO of Bauer Media ANZ. |
| Other current directorships: | Non-Executive Director, Future First Technologies Limited (ASX: FFT) |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 4,439,821 ordinary shares |
| Interests in options: | None |

| | |
|---|---|
| Name: | Todd Buckingham |
| Title: | Managing Director and Chief Executive Officer |
| Qualifications: | Double Bachelor in teaching and health and physical education |
| Experience and expertise: | Todd Buckingham has more than 24 years' experience working in the Sports and Wagering industry in Australia. After completing his double Bachelor degree in 2000, he taught secondary education for five years at Hunter Sports High School whilst simultaneously working as a sports manager at a successful sports management company, NSRT. During his time at NSRT, Todd negotiated more than $20 million worth of sporting contracts, culminating in his appointment as Managing Director. As Managing Director of NSRT, Todd's responsibilities included managing the affairs of Rugby League athletes, negotiating contracts, sourcing sponsorships, managing accounting and budgeting affairs, crisis management and media relations. In 2009, he founded 12Follow and in 2010 TopBetta. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 14,686,834 ordinary shares |
| Interests in options: | None |
| Interests in rights: | 25,000,000 performance rights over ordinary shares |

| | |
|---|---|
| Name: | Simon Dulhunty |
| Title: | Non-Executive Director (Non-independent) |
| Experience and expertise: | Simon Dulhunty has over 28 years' experience in print and digital media in management and operational roles at the top of metropolitan and regional Australian media, including as an award-winning Editor of The Sun-Herald newspaper in Sydney and General Manager of Fairfax Media's mobile development team responsible for acclaimed iPad apps for The Age, The Sydney Morning Herald and The Australian Financial Review. Simon now runs his own private media consultancy. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 3,973,620 ordinary shares |
| Interests in options: | None |

| | |
|---|---|
| Name: | Matt Davey |
| Title: | Non-Executive Director (Non-independent) |
| Experience and expertise: | Mr Davey has a deep knowledge of the US gaming and wagering market. Mr Davey was previously CEO of NYX Gaming Group, which was sold to Scientific Games {NASDAQ:SGMS). As CEO of NYX Gaming Group, he developed a successful corporate strategy that generated significant revenue growth, and acquired ten companies, including OpenBet, which powers one of largest aggregate volume of the world's online sports bets, and became one of the leading suppliers of digital gaming content and technology. |
| Other current directorships: | Executive Director, Tekkorp Digital Acquisition Corp (NASDAQ: TEKK) |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 115,000,000 ordinary shares |
| Interests in options: | None |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## Company secretary
Ms Charly Duffy is a qualified and practising corporate and commercial lawyer with over 11 years' of private practice experience and is the director and principal of cdPlus Corporate Services, a company secretarial and legal services business. Charly brings extensive legal experience to BET, with a particular focus on equity capital markets, mergers and acquisitions, corporate governance, initial public offerings, secondary capital raisings, business and share sale transactions, takeovers, Takeovers Panel proceedings, financing, ASIC and ASX compliance and all aspects of general corporate and commercial law.

## Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

| | Full Board* | |
|---|---|---|
| | Attended | Held |
| Nicholas Chan | 13 | 13 |
| Todd Buckingham | 13 | 13 |
| Simon Dulhunty | 13 | 13 |
| Matt Davey | 10 | 10 |

Held: represents the number of meetings held during the time the director held office.

* Upon assessment of the company size and board composition, the Board determined that it would assume the responsibilities of the Nomination and Remuneration Committee and the Audit and Risk Committee. These committees have been established subsequent to 30 June 2021.

## Remuneration report (audited)
The remuneration report, which has been audited, outlines the Key Management Personnel ('KMP') remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

### *Principles used to determine the nature and amount of remuneration*
The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors' remuneration*
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by shareholders. The most recent determination was under the Constitution, where the shareholders approved that the aggregate remuneration must not exceed $500,000 per annum.

*Executive remuneration*
The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments, such as long-term incentive plans; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are to be reviewed annually by the Board based on individual and business unit performance, the overall performance of the group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the group and provides additional value to the executive.

The long-term incentives plan ('LTIP') program is designed to assist in the reward, retention and motivation of executives and other KMP of 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 Board has sole and absolute discretion to determine the terms and conditions of awards which are granted under the LTIP including, but not limited to, the following:
- which individuals will be invited to participate in the LTIP;
- the number of awards to be granted to each participant;
- the fee payable, if any, by participants on the grant of awards;
- the terms (e.g. vesting conditions or performance hurdles) on which the awards will vest and become exercisable;
- the exercise price, if any, of each award granted to participants;
- the period during which a vested award can be exercised; and
- any forfeiture conditions or disposal restrictions applying to the awards and shares received upon exercise of awards.

*Group's performance and link to remuneration*
Remuneration for certain individuals is linked to their divisional performance and the performance of the group, if relevant. Refer to section 'Details of remuneration' of the remuneration report for details.

*Use of remuneration consultants*
During the financial year ended 30 June 2021, the group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies, including the implementation of the LTIP.

*Voting and comments made at the company's 2020 Annual General Meeting ('AGM')*
At the 2020 AGM, 84.3% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

## *Details of remuneration*

*Amounts of remuneration*
The KMP of the group consisted of the directors of BetMakers Technology Group Ltd and the following persons:
- Oliver Shanahan - Chief Information Officer
- Jake Henson - Chief Operating Officer
- Anthony Pullin – Chief Financial Officer

Details of the remuneration of KMP of the group are set out in the following tables:

| 2021 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|
| | Cash salary and fees $ | Cash bonus * $ | Non-monetary $ | Super-annuation $ | Leave benefits $ | Equity-settled options $ | Equity-settled perfor-mance rights $ | Total $ |
| *Non-Executive Directors:* | | | | | | | | |
| Nicholas Chan | 83,126 | - | 8,198 | 8,676 | - | - | - | 100,000 |
| Simon Dulhunty | 45,661 | - | - | 4,338 | - | - | - | 49,999 |
| Matt Davey | 26,250 | - | - | - | - | - | - | 26,250 |
| *Executive Directors:* | | | | | | | | |
| Todd Buckingham | 317,211 | 175,171 | - | 46,776 | - | - | 1,553,217 | 2,092,375 |
| *Other KMP:* | | | | | | | | |
| Oliver Shanahan | 190,768 | 24,658 | - | 20,466 | - | 26,708 | 7,262 | 269,862 |
| Jake Henson | 200,404 | 27,397 | 13,057 | 22,882 | - | 26,708 | 11,162 | 301,610 |
| Anthony Pullin | 196,153 | 24,658 | - | 20,977 | - | 22,875 | 7,262 | 271,925 |
| | 1,059,573 | 251,884 | 21,255 | 124,115 | - | 76,291 | 1,578,903 | 3,112,021 |

* A cash incentive was paid to staff in January 2021. The Board agreed a number of strategic operational targets by which the execution of these targets would give rise to a short-term incentive, payable at the Board's discretion. All Board set operational targets were met, and 100% of the agreed incentive was paid.

| 2020 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|
| | Cash salary and fees $ | Cash bonus * $ | Non-monetary $ | Super-annuation $ | Leave benefits $ | Equity-settled shares $ | Equity-settled options $ | Total $ |
| *Non-Executive Directors:* | | | | | | | | |
| Nicholas Chan | 82,077 | - | 9,247 | 8,203 | - | - | - | 99,527 |
| Simon Dulhunty | 45,661 | - | - | 4,338 | - | - | - | 49,999 |
| *Executive Directors:* | | | | | | | | |
| Todd Buckingham | 240,076 | - | 5,104 | 22,807 | - | - | - | 267,987 |
| *Other KMP:* | | | | | | | | |
| Oliver Shanahan | 181,700 | 18,265 | - | 18,996 | - | - | 63,634 | 282,595 |
| Jake Henson | 163,480 | 18,265 | 11,834 | 17,805 | - | - | 48,292 | 259,676 |
| Anthony Pullin | 179,999 | 13,699 | - | 18,401 | - | - | 42,208 | 254,307 |
| | 892,993 | 50,229 | 26,185 | 90,550 | - | - | 154,134 | 1,214,091 |

* A cash incentive was paid to staff in November 2019. The Board agreed a number of strategic operational targets by which the execution of these targets would give rise to a short-term incentive, payable at the Board's discretion. All Board set operational targets were met, and 100% of the agreed incentive was paid.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2021 | Fixed remuneration 2020 | At risk - STI 2021 | At risk - STI 2020 | At risk - LTI 2021 | At risk - LTI 2020 |
|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | |
| Nicholas Chan | 100% | 100% | - | - | - | - |
| Simon Dulhunty | 100% | 100% | - | - | - | - |
| Matt Davey | 100% | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| Todd Buckingham | 18% | 100% | 8% | - | 74% | - |
| *Other KMP:* | | | | | | |
| Oliver Shanahan | 78% | 71% | 9% | 6% | 13% | 23% |
| Jake Henson | 78% | 74% | 9% | 7% | 13% | 19% |
| Anthony Pullin | 80% | 78% | 9% | 5% | 11% | 17% |

The proportion of the cash bonus paid/payable or forfeited is as follows:

| Name | Cash bonus paid 2021 | Cash bonus paid 2020 | Cash bonus forfeited 2021 | Cash bonus forfeited 2020 |
|---|---|---|---|---|
| *Executive Directors:* | | | | |
| Todd Buckingham | 100% | 100% | - | - |
| *Other KMP:* | | | | |
| Oliver Shanahan | 100% | 100% | - | - |
| Jake Henson | 100% | 100% | - | - |
| Anthony Pullin | 100% | 100% | - | - |

***Service agreements***

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Todd Buckingham |
| Title: | Managing Director and Chief Executive Officer |
| Agreement commenced: | 16 February 2021 |
| Term of agreement: | From the commencement date to 30 June 2024 |
| Details: | With effect from 16 February 2021, Todd Buckingham receives a total fixed remuneration of $350,000 per annum (including superannuation) which includes all non-cash benefits he may be entitled to receive plus a motor vehicle allowance of $20,000 per annum.<br><br>In addition, under a revised agreement, the company has issued to Todd:<br>25,000,000 performance rights for nil consideration, convertible into shares on a 1:1 basis. The performance rights vest over the course of the Agreement, based on the company achieving predetermined performance milestones. The performance rights were issued under the company's long term incentive plan.<br><br>Todd is also eligible for a short term incentive each year up to 150% of his total fixed remuneration. This is subject to achieving certain key performance indicators as agreed with the board, and is payable in cash or shares at the company's discretion.<br><br>Todd may not terminate the agreement before the end of the term. He may only terminate the agreement by giving at least 6 months' notice on or after 1 January 2024. Todd will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment. |

| | |
|---|---|
| Name: | Oliver Shanahan |
| Title: | Chief Information Officer |
| Agreement commenced: | 22 March 2021 |
| Term of agreement: | Ongoing basis |
| Details: | With effect from 22 March 2021, Oliver Shanahan receives an annual salary of $220,000 (excluding superannuation) and is also eligible for:<br>● mandatory superannuation contributions;<br>● a discretionary bonus and incentive payment scheme; and<br>● the LTIP.<br><br>The group or Oliver may terminate his employment agreement by giving three months' notice in writing, or by the group making a payment in lieu of part or all of the notice period, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Oliver will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment. |

| | |
|---|---|
| Name: | Jake Henson |
| Title: | Chief Operating Officer |
| Agreement commenced: | 22 March 2021 |
| Term of agreement: | Ongoing basis |
| Details: | With effect from 22 March 2021, Jake Henson receives an annual salary of $250,000 (excluding superannuation) and is also eligible for:<br>● mandatory superannuation contributions;<br>● a discretionary bonus and incentive payment scheme; and<br>● the LTIP.<br><br>The group or Jake may terminate his employment agreement by giving two months' notice in writing, or by the group making a payment in lieu of part or all of the notice period, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Jake will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment. |

| | |
|---|---|
| Name: | Anthony Pullin |
| Title: | Chief Financial Officer |
| Agreement commenced: | 22 March 2021 |
| Term of agreement: | Ongoing basis |
| Details: | With effect from 22 March 2021, Anthony Pullin receives an annual salary of $240,000 (excluding superannuation) and is also eligible for:<br>● mandatory superannuation contributions;<br>● a discretionary bonus and incentive payment scheme; and<br>● the LTIP.<br><br>The group or Anthony may terminate his employment agreement by giving three months' notice in writing, or by the group making a payment in lieu of part or all of the notice period, in addition to the usual summary dismissal grounds. Other than in relation to the protection of confidential information and intellectual property, Anthony will be subject to a restraint on solicitation of clients, suppliers and employees for a period of 12 months following the termination of his employment. |

KMP have no entitlement to termination payments in the event of removal for misconduct.

### *Share-based compensation*

*Issue of shares*
Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2021 are set out below (all shares were issued upon the exercise of options):

| Name | Date | Shares | Issue price | Consideration paid $ |
|---|---|---|---|---|
| Nicholas Chan * | 9 September 2020 | 4,414,062 | $0.060 | - |
| Todd Buckingham | 4 September 2020 | 16,667,000 | $0.060 | 1,000,020 |
| Simon Dulhunty * | 9 September 2020 | 4,414,062 | $0.060 | - |
| Oliver Shanahan * | 4 September 2020 | 250,053 | $0.300 | - |
| Jake Henson * | 4 September 2020 | 31,981 | $0.300 | - |

* shares were granted on the cashless exercise of options

*Options*
The terms and conditions of each grant of options issued by 30 June 2021 over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| Nicholas Chan * | 5,000,000 | 28/06/2019 | 27/06/2019 | 27/06/2022 | $0.060 | $0.0049 |
| Todd Buckingham - Tranche 1 * | 10,000,000 | 12/11/2015 | 14/10/2019 | 21/06/2022 | $0.060 | $0.0470 |
| Todd Buckingham - Tranche 2 * | 6,667,000 | 12/11/2015 | 14/10/2019 | 21/06/2022 | $0.060 | $0.0200 |
| Simon Dulhunty * | 5,000,000 | 28/06/2019 | 28/06/2019 | 27/06/2022 | $0.060 | $0.0049 |
| Oliver Shanahan * | 1,954,681 | 03/07/2017 | 31/10/2020 | 31/10/2020 | $0.300 | $0.0200 |
| Oliver Shanahan ** | 3,000,000 | 29/08/2019 | 31/12/2022 | 31/12/2022 | $0.060 | $0.0281 |
| Jake Henson * | 250,000 | 03/07/2017 | 31/10/2020 | 31/10/2020 | $0.300 | $0.0200 |
| Jake Henson ** | 3,000,000 | 29/08/2019 | 31/12/2022 | 31/12/2022 | $0.060 | $0.0281 |
| Anthony Pullin ** | 2,500,000 | 29/08/2019 | 31/12/2022 | 31/12/2022 | $0.060 | $0.0281 |

All options granted to employees are subject to performance related vesting conditions.
* Options exercised during the year ended 30 June 2021.
** Options vested as at 30 June 2021, but have not been exercised.

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted and exercised attributable to directors and other KMP as part of compensation during the year ended 30 June 2021 are set out below:

| Name | Value of options granted during the year $ | Value of options exercised during the year $ | Value of options lapsed during prior year $ | Remuneration consisting of options for the year % |
|---|---|---|---|---|
| Nicholas Chan | - | 2,100,500 | - | - |
| Todd Buckingham | - | 7,563,490 | - | - |
| Simon Dulhunty | - | 2,100,500 | - | - |
| Oliver Shanahan | - | 275,610 | 643,090 | - |
| Jake Henson | - | 35,250 | 822,550 | - |

Value of options exercised and lapsed during the year is calculated based on the number of options exercised/lapsed, multiplied by the share price at the date of exercise/lapse less the exercise price of the options.

*Performance rights*
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of rights granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per right at grant date |
|---|---|---|---|---|---|---|
| Todd Buckingham | 5,000,000 | 29/04/2021 | 30/06/2022 | 30/06/2023 | $0.000 | $1.0200 |
| | 5,000,000 | 29/04/2021 | 30/06/2023 | 30/06/2024 | $0.000 | $0.7700 |
| | 5,000,000 | 29/04/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.5800 |
| | 5,000,000 | 29/04/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.4300 |
| | 5,000,000 | 29/04/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.9000 |
| Jake Henson | 375,000 | 23/06/2021 | 30/06/2022 | 30/06/2025 | $0.000 | $0.8800 |
| | 375,000 | 23/06/2021 | 30/06/2023 | 30/06/2025 | $0.000 | $0.6600 |
| | 500,000 | 23/06/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.4900 |
| | 250,000 | 23/06/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.7700 |
| Oliver Shanahan | 250,000 | 23/06/2021 | 30/06/2022 | 30/06/2025 | $0.000 | $0.8800 |
| | 250,000 | 23/06/2021 | 30/06/2023 | 30/06/2025 | $0.000 | $0.6600 |
| | 500,000 | 23/06/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.4900 |
| Anthony Pullin | 250,000 | 23/06/2021 | 30/06/2022 | 30/06/2025 | $0.000 | $0.8800 |
| | 250,000 | 23/06/2021 | 30/06/2023 | 30/06/2025 | $0.000 | $0.6600 |
| | 500,000 | 23/06/2021 | 30/06/2024 | 30/06/2025 | $0.000 | $0.4900 |

Performance rights granted carry no dividend or voting rights.

All performance rights to employees are subject to performance and term-of-service related vesting conditions.

***Additional information***
The earnings of the group for the five years to 30 June 2021 are summarised below:

| | 2021 $ | 2020 $ | 2019 $ | 2018 $ | 2017 $ |
|---|---|---|---|---|---|
| Sales revenue | 19,458,430 | 8,581,606 | 6,158,978 | 12,738,356 | 5,621,636 |
| Loss after income tax | (17,459,039) | (2,140,551) | (3,604,757) | (5,976,540) | (7,618,257) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 1.07 | 0.43 | 0.05 | 0.08 | 0.23 |
| Basic earnings per share (cents per share) | (2.59) | (0.47) | (1.55) | (3.68) | (6.40) |

***Additional disclosures relating to KMP***

*Shareholding*
The number of shares in the company held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

| | Balance at the start of the year | *** Received as part of remuneration | Additions | * Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Nicholas Chan | 407,142 | 4,414,062 | 18,617 | (400,000) | 4,439,821 |
| Todd Buckingham | 6,488,808 | 16,667,000 | 31,026 | (8,500,000) | 14,686,834 |
| Simon Dulhunty | 844,045 | 4,414,062 | 15,513 | (1,300,000) | 3,973,620 |
| Matt Davey ** | 114,706,110 | - | 293,890 | - | 115,000,000 |
| Oliver Shanahan | 2,399,468 | 250,053 | - | (1,276,576) | 1,372,945 |
| Jake Henson | 224,968 | 31,981 | - | (224,968) | 31,981 |
| Anthony Pullin | 95,237 | - | 31,026 | - | 126,263 |
| | 125,165,778 | 25,777,158 | 390,072 | (11,701,544) | 139,631,464 |

* Disposals/other represents shares sold during the year.
** Opening shares acquired before his appointment as KMP.
*** Shares were granted on the exercise of options.

*Option holding*
The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Todd Buckingham | 16,667,000 | - | (16,667,000) | - | - |
| Nicholas Chan | 5,000,000 | - | (5,000,000) | - | - |
| Simon Dulhunty | 5,000,000 | - | (5,000,000) | - | - |
| Oliver Shanahan | 4,954,681 | - | (586,404) | (1,368,277) | 3,000,000 |
| Jake Henson | 3,250,000 | - | (75,000) | (175,000) | 3,000,000 |
| Anthony Pullin | 2,500,000 | - | - | - | 2,500,000 |
| | 37,371,681 | - | (27,328,404) | (1,543,277) | 8,500,000 |

Options at the end of the financial year 2021 are fully vested and exercisable.

*Performance rights holding*
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Vested | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Performance rights over ordinary shares* | | | | | |
| Todd Buckingham | - | 25,000,000 | - | - | 25,000,000 |
| Oliver Shanahan | - | 1,000,000 | - | - | 1,000,000 |
| Jake Henson | - | 1,500,000 | - | - | 1,500,000 |
| Anthony Pullin | - | 1,000,000 | - | - | 1,000,000 |
| | - | 28,500,000 | - | - | 28,500,000 |

*Loans to KMP and their related parties*
The loans to KMP and their related parties during the financial year by each directors and other members of KMP of the group, including their personal related parties, is set out below:

| | Balance at the start of the year | Additions | Reversal of impairment provision | Balance at the end of the year |
|---|---|---|---|---|
| Todd Buckingham | 195,848 | - | - | 195,848 |
| Oliver Shanahan | 145,074 | - | - | 145,074 |
| Jake Henson | 20,000 | - | - | 20,000 |
| | 360,922 | - | - | 360,922 |

There was no interest charged on these loans during the period. Refer to note 8 for further detail.

There were no other transactions with KMP and their related parties.

***This concludes the remuneration report, which has been audited.***

**Shares under option**
Unissued ordinary shares of BetMakers Technology Group Ltd under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 9 December 2019 | 1 July 2022 * | $0.060 | 9,000,000 |
| 29 August 2019 | 31 December 2022 * | $0.060 | 13,325,000 |
| 10 October 2019 | 31 December 2022 | $0.060 | 62,500 |
| 14 January 2020 | 30 June 2022 | $0.130 | 125,000 |
| 2 November 2020 | 30 September 2023 | $0.450 | 1,000,000 |
| 2 November 2020 | 30 September 2023 | $0.500 | 800,000 |
| 8 December 2020 | 31 October 2023 | $0.500 | 250,000 |
| 29 April 2021 | 1 February 2023 | $0.700 | 32,000,000 |
| | | | 56,562,500 |

* vested and exercisable at 30 June 2021

41,000,000 options over ordinary shares are held by external parties to the group.

7,062,500 options over ordinary shares are held by non-KMP employees.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

## Shares under performance rights

Unissued ordinary shares of BetMakers Technology Group Ltd under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|---|---|---|---|
| 27 May 2020 * | 25 July 2021 | $0.180 | 1 |
| 27 May 2020 * | 25 January 2022 | $0.180 | 1 |
| 27 May 2020 * | 25 July 2022 | $0.180 | 1 |
| 27 May 2020 * | 25 January 2023 | $0.180 | 1 |
| 29 April 2021 | 30 June 2023 | $0.000 | 5,000,000 |
| 29 April 2021 | 30 June 2024 | $0.000 | 5,000,000 |
| 29 April 2021 | 30 June 2025 | $0.000 | 5,000,000 |
| 29 April 2021 | 30 June 2025 | $0.000 | 5,000,000 |
| 29 April 2021 | 30 June 2025 | $0.000 | 5,000,000 |
| 29 April 2021 ** | 1 February 2023 | $0.000 | 35,000,000 |
| 29 April 2021 ** | 1 February 2023 | $0.000 | 32,000,000 |
| 23 June 2021 | 30 June 2025 | $0.000 | 15,050,000 |
| | | | 107,050,004 |

* 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 17 February 2021, the company announced that it had entered into an exclusive agreement with Mr Matt Tripp to become a strategic advisor. As part of the agreement, 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.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

## Shares issued on the exercise of options

The following ordinary shares of BetMakers Technology Group Ltd were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted (shares granted are less than options exercised where a cashless exercise has been undertaken):

| Date options granted | Exercise price | Number of shares issued |
|---|---|---|
| 12 November 2015 | $0.060 | 16,667,000 |
| 3 July 2017 | $0.300 | 324,675 |
| 17 September 2018 | $0.125 | 4,000,000 |
| 28 June 2019 | $0.060 | 8,828,124 |
| 9 December 2019 | $0.060 | 1,000,000 |
| 29 August 2019 | $0.060 | 5,747,539 |
| 10 October 2019 | $0.060 | 62,500 |
| 14 January 2020 | $0.130 | 125,000 |
| | | 36,754,838 |

## Shares issued on the exercise of performance rights

Shares were issued to Waterhouse VC on the exercise of performance rights, as described in the 'Shares under performance rights section' above. There were no ordinary shares of BetMakers Technology Group Ltd issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

## Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Officers of the company who are former partners of PKF(NS) Audit & Assurance Limited Partnership

There are no officers of the company who are former partners of PKF(NS) Audit & Assurance Limited Partnership.

## 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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

| | |
|---|---|
| Nicholas Chan | Todd Buckingham |
| Chairman | Director |

30 August 2021
Sydney

BetMakers Technology Group Limited
ACN: 164 521 395

## Auditor's Independence Declaration under section 307C of the Corporations Act 2001

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BetMakers Technology Group Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

30 AUGUST 2021
SYDNEY, NSW

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

Liability limited by a scheme approved under Professional Standards Legislation

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| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Revenue from continuing operations** | | | |
| Revenue | | 19,458,430 | 8,581,606 |
| Cost of sales | | (9,254,655) | (2,248,623) |
| Gross profit | | 10,203,775 | 6,332,983 |
| Research and development tax rebate income | | - | 584,028 |
| Interest revenue calculated using the effective interest method | | 2,079 | 1,553 |
| **Expenses** | | | |
| Employee benefits expense | 5 | (9,110,490) | (4,095,578) |
| Professional fees | | (1,801,433) | (805,270) |
| Administration expenses | | (974,126) | (660,183) |
| IT expenses | | (692,582) | (357,913) |
| Occupancy expenses | | (205,247) | (76,857) |
| Depreciation and amortisation expense | 5 | (2,698,046) | (2,145,811) |
| (Impairment)/recovery of receivables | 8 | (98,976) | 259,472 |
| Share-based payments expense | 19 | (12,358,345) | (885,026) |
| Other expenses | 5 | (3,106,092) | (88,175) |
| Finance costs | 5 | (100,637) | (481,618) |
| **Loss before income tax benefit** | | (20,940,120) | (2,418,395) |
| Income tax benefit | 6 | 3,481,081 | 277,844 |
| **Loss after income tax benefit for the year attributable to the owners of BetMakers Technology Group Ltd** | | (17,459,039) | (2,140,551) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of BetMakers Technology Group Ltd** | | (17,459,039) | (2,140,551) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 32 | (2.59) | (0.47) |
| Diluted earnings per share | 32 | (2.59) | (0.47) |

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

| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 120,607,838 | 31,624,870 |
| Trade and other receivables | 8 | 9,024,453 | 1,999,721 |
| Finished goods | | 4,393,633 | - |
| Prepayments | | 575,131 | 60,393 |
| Total current assets | | 134,601,055 | 33,684,984 |
| **Non-current assets** | | | |
| Trade and other receivables | 8 | 1,568,794 | 839,207 |
| Property, plant and equipment | 9 | 11,403,675 | 235,496 |
| Right-of-use assets | 10 | 2,455,143 | 465,555 |
| Intangibles | 11 | 67,972,749 | 20,072,068 |
| Deferred tax | 6 | 12,295,099 | 7,295,014 |
| Total non-current assets | | 95,695,460 | 28,907,340 |
| **Total assets** | | 230,296,515 | 62,592,324 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 17,554,395 | 1,284,051 |
| Contract liabilities | 13 | 864,723 | - |
| Lease liabilities | 14 | 363,628 | 112,727 |
| Income tax | | 108,970 | - |
| Employee benefits | 15 | 2,913,508 | 265,778 |
| Other financial liabilities | 16 | 290,901 | 16,452 |
| Total current liabilities | | 22,096,125 | 1,679,008 |
| **Non-current liabilities** | | | |
| Lease liabilities | 14 | 2,130,392 | 350,214 |
| Employee benefits | 15 | 231,598 | 137,354 |
| Other financial liabilities | 16 | 8,826,309 | 25,021 |
| Retirement benefit obligations | 17 | 1,609,577 | - |
| Total non-current liabilities | | 12,797,876 | 512,589 |
| **Total liabilities** | | 34,894,001 | 2,191,597 |
| **Net assets** | | 195,402,514 | 60,400,727 |
| **Equity** | | | |
| Issued capital | 18 | 226,023,254 | 84,943,067 |
| Reserves | 19 | 12,910,165 | 1,573,392 |
| Accumulated losses | | (43,530,905) | (26,115,732) |
| **Total equity** | | 195,402,514 | 60,400,727 |

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

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
| --- | --- | --- | --- | --- |
| Balance at 1 July 2019 | 42,417,857 | 713,641 | (23,975,181) | 19,156,317 |
| Loss after income tax benefit for the year | - | - | (2,140,551) | (2,140,551) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (2,140,551) | (2,140,551) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 18) | 42,499,935 | - | - | 42,499,935 |
| Share-based payments (note 33) | - | 885,026 | - | 885,026 |
| Exercise of options | 25,275 | (25,275) | - | - |
| Balance at 30 June 2020 | 84,943,067 | 1,573,392 | (26,115,732) | 60,400,727 |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
| --- | --- | --- | --- | --- |
| Balance at 1 July 2020 | 84,943,067 | 1,573,392 | (26,115,732) | 60,400,727 |
| Loss after income tax benefit for the year | - | - | (17,459,039) | (17,459,039) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (17,459,039) | (17,459,039) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 18) | 140,102,481 | - | - | 140,102,481 |
| Share-based payments (note 33) | - | 12,358,345 | - | 12,358,345 |
| Exercise of options | 977,706 | (977,706) | - | - |
| Share-based payments - cancelled options | - | (43,866) | 43,866 | - |
| Balance at 30 June 2021 | 226,023,254 | 12,910,165 | (43,530,905) | 195,402,514 |

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

| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers - net | | 21,970,231 | 7,521,039 |
| Payments to suppliers and employees | | (24,461,200) | (8,268,266) |
| Interest received | | 2,079 | 1,553 |
| Interest and other finance costs paid | | (16,986) | (374,795) |
| Research and development tax received | | 584,028 | 627,362 |
| Income taxes paid | | (101,032) | (8,044) |
| Net cash used in operating activities | 30 | (2,022,880) | (501,151) |
| **Cash flows from investing activities** | | | |
| Payments for purchase of business, net of cash acquired | 28 | (44,103,273) | - |
| Payments for property, plant and equipment | 9 | (1,938,056) | (182,624) |
| Payments for intangibles | 11 | (698,225) | (40,000) |
| Net cash used in investing activities | | (46,739,554) | (222,624) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 18 | 136,618,335 | 37,760,000 |
| Proceeds from shares to be issued | | 6,191,322 | - |
| Share issue transaction costs | | (4,581,679) | (1,706,377) |
| Deferred consideration payment | | - | (4,000,000) |
| Repayment of lease liabilities | | (482,576) | (158,082) |
| Net cash from financing activities | | 137,745,402 | 31,895,541 |
| Net increase in cash and cash equivalents | | 88,982,968 | 31,171,766 |
| Cash and cash equivalents at the beginning of the financial year | | 31,624,870 | 453,104 |
| Cash and cash equivalents at the end of the financial year | 7 | 120,607,838 | 31,624,870 |

*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 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:

22 Lambton Road
Broadmeadow, NSW 2292

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 30 August 2021.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 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 year.

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the group:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*
The group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the group's financial statements.

*AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business*
The group has adopted AASB 2018-6 from 1 July 2020. The standard applies to annual periods beginning on or after 1 July 2020. This standard amends the definition of a business contained in AASB 3 ‘Business Combinations’ thereby affecting whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create goods or services to customers, generating investment income or other income from ordinary activities. The amendments provide guidance to assist entities assess whether a substantive process has been acquired; and adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments apply to asset acquisitions and business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 July 2020. It therefore does not affect prior periods. Refer to note 28 for further information.

### Recoverability of intangible assets and deferred tax assets

During the year, the group incurred a net loss after tax of $17,459,039 (2020: $2,140,551) and net operating cash outflows of $2,022,880 (2020: outflows of $501,151). The company has prepared cash flow forecasts as at 30 June 2021 to determine the recoverability of the group’s intangibles and deferred tax assets.

## Note 2. Significant accounting policies (continued)

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 network; 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.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for, where applicable, deferred consideration liability.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

*Comparability of financial statements*
As a consequence of the acquisition of Sportech (refer to note 28) on 17 June 2021, the volume of transactions for the period ended 30 June 2021 and balances at that date increased considerably, therefore the group's operating results and position may not be directly comparable to the comparative period.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 27.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BetMakers Technology Group Ltd as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or reduction in profit or loss.

## Note 2. Significant accounting policies (continued)

### Revenue recognition

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Global Racing Network (formerly called content and integrity)*

Global Racing Network ('GRN') revenue is recognised in the profit or loss once the service has been rendered. The provision of GRN services includes working with racing bodies and rights holders to produce and distribute racing content. Revenue is derived as a fixed fee or a percentage or turnover derived from the racing content. Revenue is therefore recognised in-line with the delivery of services, based on the contracted fee or reported turnover.

*Global Betting Services (formerly called wholesale wagering products)*

Global Betting Services ('GBS') revenue is recognised in the profit or loss once the service has been rendered. The provision of GBS includes the provision of racing data to customers, the provision of analytical tools to assist in consuming racing data and wagering products to bookmakers such as platforms. Revenue is derived as a fixed fee or a percentage of turnover / revenue derived from the tools provided. Revenue is therefore recognised in-line with the delivery of services, based on the contracted fee or reported turnover.

*Global Tote*

Global tote revenue is recognised in the profit or loss once the service has been rendered. The provision of Global tote services includes the provision of tote software and integrations to facilitate tote liquidity and resulting. Revenue is derived as a fixed fee or a percentage of turnover derived from the services provided. Revenue is therefore recognised in-line with the delivery of services, based on the contracted fee or reported turnover.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

## Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2021. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*COVID-19*

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of COVID-19.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Share-based payment transactions*
The group measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model, depending on the equity-settled transaction, and takes into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Allowance for expected credit losses*
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of COVID-19 and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

*Goodwill*
The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the stated accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Income tax*
The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to note 6 for further details.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for tax losses and deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses, and that the company continues to meet the Same Business Test and Similar Business Test rules as applicable. With changes to corporate tax rates in Australia in future financial years, there is judgement regarding the tax rate expected to apply when assets are recovered.

*Lease term*
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Incremental borrowing rate*
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

*Management assumptions on right-of-use assets and lease liabilities*
There are specific estimates and judgements that were used as part of the calculation of right-of-use assets and lease liabilities. These estimates include the lease terms, lease make good provisions and lease increases based on consumer price index. Management used the best available estimate of these inputs in the calculations.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

Management have elected not to apply the available expedient to not separately account for non-lease components. As such, the group has separated any non-lease components from future lease payments and will continue to account for these components as an expense over time as the non-lease components are provided. As such, there are no future assets or obligations recognised in respect of non-lease components.

For some leases, the identification of amounts related to non-lease components must be estimated due to contracts not including an explicit break-up. In these cases, management estimates the value of the non-lease component by reference to available market data. Where the estimate is significant, management includes a note to detail the judgements made to arrive at the estimate

*Deferred consideration*
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination or assets, and the amounts paid or settled up to the reporting date, discounted to net present value. The group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

*Performance payments*
Management makes estimates and judgements as part of calculating the performance payment liabilities accounted for at reporting date. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the performance payment liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. Refer to note 28 for performance payment liabilities accounted for at reporting date

*Retirement benefit obligation*
The group operates a defined benefits pension scheme. A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The independent actuaries utilise a number of data points to determine the present value of the schemes liability at each reporting date. Any change in the value of the net liability is accounted for in the statement of profit or loss during the period in which it arises. Refer to note 17.

## Note 4. 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.

## Note 4. Operating segments (continued)

*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.

There are no intersegment transactions.

*Major customers*
There is one major customer that represented 24% (2020: 15%) of revenue.

*Operating segment information*

| Consolidated - 2021 | Global racing network $ | Global betting services $ | Global tote $ | Total $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 3,231,435 | 14,561,951 | 1,665,044 | 19,458,430 |
| **Total revenue** | 3,231,435 | 14,561,951 | 1,665,044 | 19,458,430 |
| | | | | |
| **Segment result** | (1,721,490) | 4,998,700 | 327,102 | 3,604,312 |
| Depreciation and amortisation | (255,009) | (1,795,749) | (233,121) | (2,283,879) |
| **(Loss)/profit before income tax expense** | (1,976,499) | 3,202,951 | 93,981 | 1,320,433 |
| | | | | |
| **Unallocated segment results** | | | | (9,360,495) |
| Depreciation and amortisation | | | | (414,167) |
| Finance costs | | | | (28,570) |
| Share options expenses | | | | (12,358,345) |
| Provision expense | | | | (98,976) |
| **Loss before income tax benefit** | | | | (20,940,120) |
| Income tax benefit | | | | 3,481,081 |
| **Loss after income tax benefit** | | | | (17,459,039) |
| | | | | |
| **Assets** | | | | |
| Segment assets | 1,689,924 | 40,891,397 | 51,859,180 | 94,440,501 |
| Unallocated assets | | | | 135,856,014 |
| **Total assets** | | | | 230,296,515 |
| | | | | |
| **Liabilities** | | | | |
| Segment liabilities | 1,224,608 | 15,606,260 | 7,669,867 | 24,500,735 |
| Unallocated liabilities | | | | 10,393,266 |
| **Total liabilities** | | | | 34,894,001 |

## Note 4. Operating segments (continued)

| Consolidated - 2020 | Content and integrity $ | Wholesale wagering products $ | Total $ |
|---|---|---|---|
| **Revenue** | | | |
| Sales to external customers | 2,250,952 | 6,330,654 | 8,581,606 |
| **Total revenue** | 2,250,952 | 6,330,654 | 8,581,606 |
| | | | |
| **Segment result** | 613,980 | 2,621,175 | 3,235,155 |
| Depreciation and amortisation | (328,867) | (1,566,055) | (1,894,922) |
| **Profit before income tax expense** | 285,113 | 1,055,120 | 1,340,233 |
| | | | |
| **Unallocated segment results** | | | (2,984,595) |
| Depreciation and amortisation | | | (250,889) |
| Research and development tax rebate | | | 584,028 |
| Finance costs | | | (481,618) |
| Share options expenses | | | (885,026) |
| Provision write-back | | | 259,472 |
| **Loss before income tax benefit** | | | (2,418,395) |
| Income tax benefit | | | 277,844 |
| **Loss after income tax benefit** | | | (2,140,551) |
| | | | |
| **Assets** | | | |
| Segment assets | 2,067,396 | 19,387,013 | 21,454,409 |
| Unallocated assets | | | 41,137,915 |
| **Total assets** | | | 62,592,324 |
| | | | |
| **Liabilities** | | | |
| Segment liabilities | 296,705 | 323,079 | 619,784 |
| Unallocated liabilities | | | 1,571,813 |
| **Total liabilities** | | | 2,191,597 |

*Revenue by geographical area*

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Australia and New Zealand | 13,468,617 | 6,161,938 |
| United Kingdom / Europe | 2,397,722 | 1,018,507 |
| United States of America | 2,473,881 | 1,032,735 |
| Rest of the world | 1,118,210 | 368,426 |
| | | |
| Total revenue | 19,458,430 | 8,581,606 |

Revenue is recognised at the point the services are transferred.

*Accounting policy for operating segments*

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Note 5. Expenses

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Leasehold improvements | 33,072 | 32,895 |
| Plant and equipment | 97,020 | 722 |
| Computer equipment | 137,760 | 40,573 |
| Furniture and fittings | 53,050 | 35,153 |
| Plant and equipment right-of-use assets | 212,983 | 141,546 |
| Total depreciation | 533,885 | 250,889 |
| *Amortisation* | | |
| Software | 1,821,316 | 1,585,083 |
| Intellectual property | 342,845 | 309,839 |
| Total amortisation | 2,164,161 | 1,894,922 |
| Total depreciation and amortisation | 2,698,046 | 2,145,811 |
| *Employee benefits* | | |
| Employee benefits expense excluding superannuation | 8,565,740 | 3,357,796 |
| Defined contribution superannuation expense | 544,750 | 304,185 |
| Total employee benefits | 9,110,490 | 3,661,981 |
| *Finance costs* | | |
| Interest and finance charges paid/payable on borrowings to external parties | 39,221 | 428,614 |
| Interest and finance charges paid/payable on lease liabilities to external parties | 61,416 | 53,004 |
| Finance costs expensed | 100,637 | 481,618 |
| *Other expenses* | | |
| Deal costs * | 2,804,847 | - |
| Others | 301,245 | 88,175 |
| | 3,106,092 | 88,175 |

* Deal costs primarily relate to professional fees incurred in relation to the acquisition of the Sportech Racing and Digital assets. Refer to note 18 and note 28 for further details.

*Accounting for finance costs*
Finance costs are expensed in the period in which they are incurred.

*Accounting for defined contribution superannuation payments*
Contributions to defined contribution superannuation plans are expensed to profit or loss in the period in which they are incurred.

*Accounting for government grants*
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. During the year the company received payments from the Australian Government amounting to $37,500 (2020: $50,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to COVID-19, which have been netted off against employee benefits expense.

## Note 6. Income tax

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Income tax benefit* | | |
| Deferred tax - origination and reversal of temporary differences | (3,577,160) | (284,426) |
| Foreign tax paid | 96,079 | 6,582 |
| Aggregate income tax benefit | (3,481,081) | (277,844) |
| Deferred tax included in income tax benefit comprises: | | |
| Increase in deferred tax assets | (3,577,160) | (284,426) |
| *Numerical reconciliation of income tax benefit and tax at the statutory rate* | | |
| Loss before income tax benefit | (20,940,120) | (2,418,395) |
| Tax at the statutory tax rate of 30% (2020: 27.5%) | (6,282,036) | (665,059) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 3,449,592 | 243,382 |
| Research and development tax incentive expenditure | - | 208,606 |
| Sundry items | (81,533) | (71,355) |
| | (7,026,752) | (284,426) |
| Change in tax rate to 30% (2020: 27.5%) | (663,183) | - |
| Difference in overseas tax rates | 96,079 | 6,582 |
| Income tax benefit | (3,481,081) | (277,844) |

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Amounts credited directly to equity* | | |
| Deferred tax assets | (1,374,504) | (480,801) |

## Note 6. Income tax (continued)

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Deferred tax asset* | | |
| Deferred tax asset comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 10,597,309 | 6,672,817 |
| Property, plant and equipment | (74,841) | (12,149) |
| Accrued expenses | 238,526 | 110,861 |
| Superannuation | 51,277 | 21,388 |
| | 10,812,271 | 6,792,917 |
| Amounts recognised in equity: | | |
| Transaction costs on share issue | 1,482,828 | 502,097 |
| Deferred tax asset | 12,295,099 | 7,295,014 |
| Movements: | | |
| Opening balance | 7,295,014 | 6,529,787 |
| Credited to profit or loss | 3,577,160 | 284,426 |
| Credited to equity | 1,374,504 | 480,801 |
| Additions through business combinations (note 28) | 48,421 | - |
| Closing balance | 12,295,099 | 7,295,014 |

*Accounting policy for income tax*
Income tax for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

*Accounting policy for deferred tax*
Deferred tax assets and liabilities are recognised for tax losses and temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, except for (i) when the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or (ii) when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

*Tax consolidated group*
BetMakers Technology Group Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group ('tax group') under the tax consolidation regime. Each entity in the tax group continues to account for their own current and deferred tax amounts. The tax group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to group members. In addition to its own tax amounts, the head entity also recognises the tax arising from unused tax losses and tax credits assumed from each subsidiary in the tax group.

## Note 6. Income tax (continued)

Assets or liabilities arising under tax funding agreements are recognised as amounts receivable from or payable to other entities in the tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

## Note 7. Cash and cash equivalents

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Current assets* | | |
| Cash on hand | 203 | 203 |
| Cash at bank * | 120,607,635 | 31,624,667 |
| | 120,607,838 | 31,624,870 |

* During the year, the company raised approximately $135,000,000 (before fundraising costs) and completed the acquisition of the Sportech assets. Refer to note 18 and note 28 for further details.

*Accounting policy for cash and cash equivalents*
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Note 8. Trade and other receivables

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Current assets* | | |
| Trade receivables | 8,422,483 | 1,232,208 |
| | | |
| Other receivables | 204,252 | 127,302 |
| Research and development tax receivable | - | 584,027 |
| Rental bonds | 204,093 | 56,184 |
| Goods and services tax ('GST') receivable | 193,625 | - |
| | 601,970 | 767,513 |
| | | |
| | 9,024,453 | 1,999,721 |
| *Non-current assets* | | |
| Trade receivables | 797,130 | 67,543 |
| Employee Share Loan receivable | 771,664 | 771,664 |
| | 1,568,794 | 839,207 |
| | | |
| | 10,593,247 | 2,838,928 |

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 8. Trade and other receivables (continued)

*Allowance for expected credit losses*
The group has recognised an impairment of receivables in profit or loss for the year ended 30 June 2021 of $98,976 (2020: recovery of $259,472).

The group continues to closely monitor debt recovery whilst customers deal with the potential impacts of COVID-19. The group has maintained communication with all customers and is yet to see any material increase in delayed payments or customers inability to make payment. As such, the group has not revised the calculation of expected credit losses as at 30 June 2021.

*Accounting policy for trade and other receivables*
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Note 9. Property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| *Non-current assets* | | |
| Leasehold improvements - at cost | 209,063 | 166,881 |
| Less: Accumulated depreciation | (151,254) | (118,694) |
| | 57,809 | 48,187 |
| Plant and equipment - at cost | 10,966,431 | 4,888 |
| Less: Accumulated depreciation | (99,908) | (2,888) |
| | 10,866,523 | 2,000 |
| Computer equipment - at cost | 865,197 | 511,339 |
| Less: Accumulated depreciation | (504,138) | (366,378) |
| | 361,059 | 144,961 |
| Furniture and fittings - at cost | 290,071 | 161,008 |
| Less: Accumulated depreciation | (171,787) | (120,660) |
| | 118,284 | 40,348 |
| | 11,403,675 | 235,496 |

## Note 9. Property, plant and equipment (continued)

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

| Consolidated | Leasehold improvements $ | Plant and equipment $ | Computer equipment $ | Furniture and fittings $ | Total $ |
|---|---|---|---|---|---|
| Balance at 1 July 2019 | 64,562 | 2,722 | 30,695 | 61,369 | 159,348 |
| Additions | 16,473 | - | 154,839 | 11,312 | 182,624 |
| Exchange differences | 47 | - | - | 2,820 | 2,867 |
| Depreciation expense | (32,895) | (722) | (40,573) | (35,153) | (109,343) |
| Balance at 30 June 2020 | 48,187 | 2,000 | 144,961 | 40,348 | 235,496 |
| Additions | 42,228 | 2,854,415 | 353,858 | 107,321 | 3,357,822 |
| Additions through business combinations (note 28) | - | 8,107,128 | - | 17,646 | 8,124,774 |
| Exchange differences | 466 | - | - | 6,019 | 6,485 |
| Depreciation expense | (33,072) | (97,020) | (137,760) | (53,050) | (320,902) |
| Balance at 30 June 2021 | 57,809 | 10,866,523 | 361,059 | 118,284 | 11,403,675 |

*Accounting policy for property, plant and equipment*
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | under the lease term |
| Plant and equipment | 5 years |
| Computer equipment | 2.5 years |
| Furniture and fittings | 5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## Note 10. Right-of-use assets

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Non-current assets* | | |
| Plant and equipment - right-of-use | 2,778,352 | 607,101 |
| Less: Accumulated depreciation | (323,209) | (141,546) |
| | 2,455,143 | 465,555 |

The group leases 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 10. 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 and previous financial year are set out below:

| Consolidated | Plant and equipment $ |
|---|---|
| Balance at 1 July 2019 | - |
| Value on implementation of AASB 16 | 306,273 |
| Additions | 385,673 |
| Disposals | (84,845) |
| Depreciation expense | (141,546) |
| Balance at 30 June 2020 | 465,555 |
| Additions | 853,974 |
| Additions through business combinations (note 28) | 1,348,597 |
| Depreciation expense | (212,983) |
| Balance at 30 June 2021 | 2,455,143 |

For other lease related disclosures refer to:
- note 5 for details of interest on lease liabilities;
- note 14 for lease liabilities at the end of the reporting period;
- note 21 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities

*Accounting policy for right-of-use assets*
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Note 11. Intangibles

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Non-current assets* | | |
| Goodwill - at cost | 46,106,930 | 16,257,658 |
| Less: Impairment | (1,802,453) | (1,802,453) |
| | 44,304,477 | 14,455,205 |
| Intellectual property - at cost | 11,645,065 | 1,510,315 |
| Less: Accumulated amortisation | (1,257,755) | (914,918) |
| | 10,387,310 | 595,397 |
| Software - at cost | 17,940,671 | 7,859,859 |
| Less: Accumulated amortisation | (4,659,709) | (2,838,393) |
| | 13,280,962 | 5,021,466 |
| | 67,972,749 | 20,072,068 |

*Reconciliations*

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

| Consolidated | Goodwill * $ | Intellectual property ** $ | Software * $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | 14,455,205 | 905,236 | 6,266,549 | 21,626,990 |
| Additions | - | - | 340,000 | 340,000 |
| Amortisation expense | - | (309,839) | (1,585,083) | (1,894,922) |
| Balance at 30 June 2020 | 14,455,205 | 595,397 | 5,021,466 | 20,072,068 |
| Additions | - | - | 140,045 | 140,045 |
| Additions through business combinations (note 28) | 29,849,272 | 10,134,758 | 9,940,767 | 49,924,797 |
| Amortisation expense | - | (342,845) | (1,821,316) | (2,164,161) |
| Balance at 30 June 2021 | 44,304,477 | 10,387,310 | 13,280,962 | 67,972,749 |

* Goodwill was recorded during the period as a result of acquiring the racing and digital assets from Sportech PLC. During the next year, the company will review the goodwill and software of the acquired assets and make a determination as to whether to obtain a professional valuation and recognise those assets. If a valuation is obtained, it is expected that the goodwill will reduce, and an intangible asset will be recognised.

** The assets acquired during the period from Form Cruncher and Swopstakes (note 28) have been booked as Intellectual Property, equal to the consideration paid or payable (note 16). During the next year, the company will make a determination as to whether to obtain a professional valuation of these assets acquired.

## Note 11. Intangibles (continued)

*Impairment testing*
Goodwill acquired through business combinations has been allocated to the following cash-generating units:

| | Consolidated | |
|---|---|---|
| | 2021 $ | 2020 $ |
| Global racing network | 1,367,187 | 1,367,187 |
| Global betting services | 16,662,204 | 13,088,018 |
| Global tote | 26,275,086 | - |
| | 44,304,477 | 14,455,205 |

The recoverable amount of the group's goodwill has been determined by value-in-use calculations using discounted cash flow models, based on a one year projection period approved by management and extrapolated for a further four years using a steady growth rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the global racing network, global betting services and global tote divisions:
(a) 12.5% (2020:17.5%) pre-tax discount rate;
(b) terminal value of 4.5x previous year's Earnings, Before Interest, Tax, Depreciation and Amortisation ('EBITDA');
(c) over 10% (2020: 10%) per annum increase in employee benefits expense; and
(d) revenue growth in line with management's expectations.

The discount rate of 12.5% pre-tax reflects management's conservative estimate of the time value of money and the group's weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements.

The Board believes the projected revenue growth rate is prudent and justified, based on the combination of current growth rates and planned product introductions.

*Sensitivity analysis*
As disclosed in note 3, the directors have made judgements and estimates about the future in respect of impairment testing of goodwill. Should these judgements and estimates not occur as approximated, the resulting goodwill carrying amount may decrease. The sensitivities of the carrying value of goodwill to such judgements and estimates are as follows:
- Expected revenues from the three operating segments would need to decrease in excess of 20% in the cash flow modelling before goodwill and the intangible assets noted above would become impaired, with all other assumptions remaining constant.

The Board believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the recoverable amount to fall below the carrying amount.

*Accounting policy for goodwill*
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Intellectual property*
Intellectual property primarily consists of the cost of acquiring the software code for the wholesale wagering business. Significant costs associated with the acquisition of additional intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

*Software*
Significant costs associated with software purchases are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

## Note 11. Intangibles (continued)

*Accounting policy for impairment of other non-financial assets*
Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Note 12. Trade and other payables

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| *Current liabilities* | | |
| Trade payables | 9,574,216 | 620,239 |
| Accrued expenses | 1,256,989 | 558,712 |
| Goods and services tax ('GST') payable | - | 65,009 |
| Other payables * | 6,723,190 | 40,091 |
| | 17,554,395 | 1,284,051 |

Refer to note 21 for further information on financial instruments.

* Other payables include a net payment of $6,480,126 due to the acquisition of Sportech. Refer to note 24 and note 28 for further details.

*Accounting policy for trade and other payables*
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Note 13. Contract liabilities

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| *Current liabilities* | | |
| Contract liabilities | 864,723 | - |

*Reconciliation*
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Opening balance | - | - |
| Payments received in advance | 497,436 | - |
| Additions through business combinations (note 28) | 367,287 | - |
| Closing balance | 864,723 | - |

## Note 13. Contract liabilities (continued)

*Unsatisfied performance obligations*
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $864,723 as at 30 June 2021 ($nil as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Within 6 months | 617,223 | - |
| 6 to 12 months | 165,000 | - |
| 12 to 18 months | 82,500 | - |
| | 864,723 | - |

*Accounting policy for contract liabilities*
Contract liabilities represent the group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has transferred the goods or services to the customer.

## Note 14. Lease liabilities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Current liabilities* | | |
| Lease liability | 363,628 | 112,727 |
| *Non-current liabilities* | | |
| Lease liability | 2,130,392 | 350,214 |
| | 2,494,020 | 462,941 |

Refer to note 21 for information on the maturity analysis of lease liabilities.

*Accounting policy for lease liabilities*
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 15. Employee benefits

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Current liabilities* | | |
| Annual leave | 828,643 | 265,778 |
| Remuneration | 1,807,558 | - |
| Other | 277,307 | - |
| | 2,913,508 | 265,778 |
| *Non-current liabilities* | | |
| Long service leave | 231,598 | 137,354 |
| | 3,145,106 | 403,132 |

*Amounts not expected to be settled within the next 12 months*
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Employee benefits obligation expected to be settled after 12 months | 774,156 | 175,903 |

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 16. Other financial liabilities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Current liabilities* | | |
| Deferred consideration | 250,000 | - |
| Lease make good | 40,901 | 16,452 |
| | 290,901 | 16,452 |
| *Non-current liabilities* | | |
| Deferred consideration | 8,750,000 | - |
| Lease make good | 76,309 | 25,021 |
| | 8,826,309 | 25,021 |
| | 9,117,210 | 41,473 |

*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. Refer to note 11 and note 28 for further details.

*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.

*Movements in provisions*
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

| Consolidated - 2021 | Deferred consideration $ | Lease make good $ |
|---|---|---|
| Carrying amount at the start of the year | - | 41,473 |
| Additional provisions recognised | 9,000,000 | 117,210 |
| Payments | - | (41,473) |
| Carrying amount at the end of the year | 9,000,000 | 117,210 |

*Accounting policy for provisions*
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Note 17. Retirement benefit obligations

The group operates a funded defined benefit scheme in the US and two defined contribution schemes in the US and a defined contribution scheme in Ireland. Datatote employees also contribute to a defined contribution scheme.

## Note 17. Retirement benefit obligations (continued)

*Defined contribution scheme*
In the UK, employer contributions for Sportech are set at a maximum of 8% of pensionable salaries. A defined contribution scheme for non-unionised employees, including eBet, is operated in the US, into which the group contributes 37.5% of the first 6% of participants contributions. A further defined contribution scheme is available for unionised employees; the group does not make contributions into this scheme.

A Registered Retirement Savings Plan ('RRSP') exists for employees in Canada. The group makes contributions to a limit of 50% of the first 6% of participants contributions.

For employees in Ireland (of which there are 5), the group contributes between 5.0% and 12.5% of salary into a defined contribution scheme.

*Defined benefit scheme*
In acquiring the Sportech business, the group acquired the US defined benefit scheme. This scheme is administered by an insurance company in the US and provides retirement benefits to employees who are members of a collective bargaining unit represented by the International Brotherhood of Electrical Workers. Benefits are based on value times credited service.

The following sets out details in respect of the defined benefit section only. As the group assumed the scheme on 17 June 2021, there has been no movement in the net defined benefit obligation under the period of ownership hence no amounts recognised in the statement of profit or loss and other comprehensive income.

*Statement of financial position amounts*
The amounts recognised in the statement of financial position are determined as follows:

| | Consolidated 2021 $ |
|---|---|
| *Non-current liabilities* | |
| Present value of the defined benefit obligation | (6,851,122) |
| Fair value of defined benefit plan assets | 8,460,699 |
| | 1,609,577 |
| Unrecognised past service costs | - |
| Net liability in the statement of financial position | 1,609,577 |

*Significant actuarial assumptions*
The figures have been determined by qualified actuaries as at 30 June 2021 using the following assumptions:

| | |
|---|---|
| Discount rate | 2.75% |
| Mortality table | Pri-2012 Total Dataset (Employee/Retiree) with Scale MP-2020 |

Under the adopted mortality tables, if the future life expectancy were to be decreased by one year the liabilities would decrease by US$11,645.

If the discount rate were to be increased to 3.25% the liabilities would decrease by US$283,787.

The qualified actuaries that valued the scheme are The Prudential Insurance Company.

*Risk exposure*
Through the defined benefits plan, the group is exposed to a number of risks. The significant risks are detailed below:

## Note 17. Retirement benefit obligations (continued)

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to the Pru Above Mean Curve; If plan assets underperform this yield, this will create a deficit. The US pension scheme assets are invested in a guaranteed return fund. The plan purchases annuities under the GR-03607 contract at retirement. Under this contract, annuities are purchased based on a table of fixed factors that are not subject to the rate environment at retirement, which removes volatility and risk on asset values.

Changes in the Pru Above Mean Curve
A decrease in the Above Mean Curve will increase plan liabilities.

Life Expectancy
The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

*Accounting policy for retirement benefit obligations*
The group operates various pension schemes.

The group has a defined benefit section and a defined contribution section within its plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The defined benefit section provides defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position, and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

## Note 18. Issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2021 Shares | 2020 Shares | 2021 $ | 2020 $ |
| Ordinary shares - fully paid | 812,819,535 | 568,539,998 | 219,831,932 | 84,943,067 |
| Unissued equity | - | - | 6,191,322 | - |
| | 812,819,535 | 568,539,998 | 226,023,254 | 84,943,067 |

## Note 18. Issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2019 | 413,489,993 | $0.000 | 42,417,857 |
| Shares issued | 31 October 2019 | 41,095,890 | $0.146 | 6,000,000 |
| Shares issued | 7 November 2019 | 18,904,110 | $0.146 | 2,760,000 |
| Shares issued on exercise of options | 13 February 2020 | 246,061 | $0.030 | 7,500 |
| Shares issued on exercise of options | 13 February 2020 | - | $0.000 | 25,275 |
| Shares issued on exercise of options | 28 February 2020 | 209,349 | $0.000 | - |
| Shares issued | 16 June 2020 | 94,594,595 | $0.370 | 35,000,000 |
| Transaction costs | | - | $0.000 | (1,267,565) |
| Balance 30 June 2020 | | 568,539,998 | | 84,943,067 |
| Balance | 30 June 2020 | 568,539,998 | $0.000 | 84,943,067 |
| Shares issued | 17 July 2020 | 1,000,000 | $0.060 | 60,000 |
| Exercise of options | 17 July 2020 | - | $0.000 | 27,000 |
| Shares issued | 31 August 2020 | 4,000,000 | $0.122 | 488,400 |
| Exercise of options | 31 August 2020 | - | $0.000 | 28,800 |
| Shares issued | 4 September 2020 | 16,667,000 | $0.060 | 1,000,020 |
| Exercise of options | 4 September 2020 | - | $0.000 | 603,340 |
| Shares issued | 4 September 2020 | 854,224 | $0.000 | - |
| Exercise of options | 4 September 2020 | - | $0.000 | 32,328 |
| Shares issued | 9 September 2020 | 8,828,124 | $0.000 | - |
| Exercise of options | 9 September 2020 | - | $0.000 | 49,000 |
| Shares issued | 25 September 2020 | 362,500 | $0.060 | 21,750 |
| Exercise of options | 25 September 2020 | - | $0.000 | 17,113 |
| Shares issued | 2 November 2020 | 250,000 | $0.060 | 15,000 |
| Exercise of options | 2 November 2020 | - | $0.000 | 9,000 |
| Shares issued | 8 December 2020 | 1,000,000 | $0.060 | 60,000 |
| Exercise of options | 8 December 2020 | - | $0.000 | 96,400 |
| Shares issued | 4 January | 83,333,334 | $0.600 | 50,000,000 |
| Shares issued | 27 January 2021 | 16,667,584 | $0.600 | 10,000,550 |
| Shares issued | 27 January 2021 | 503,846 | $0.000 | - |
| Shares issued | 27 January 2021 | 125,000 | $0.130 | 16,250 |
| Exercise of options | 27 January 2021 | - | $0.000 | 24,600 |
| Shares issued | 24 February 2021 | 71,366,234 | $0.700 | 49,956,364 |
| Shares issued | 4 March 2021 | 2,097,629 | $0.000 | - |
| Exercise of options | 4 March 2021 | - | $0.000 | 63,000 |
| Shares issued | 29 April 2021 | 35,714,285 | $0.700 | 25,000,000 |
| Shares issued | 29 April 2021 | 947,643 | $0.000 | - |
| Exercise of options | 29 April 2021 | - | $0.000 | 23,000 |
| Shares issued | 23 June 2021 | 443,262 | $1.128 | 500,000 |
| Shares issued | 23 June 2021 | 118,872 | $0.000 | - |
| Exercise of options | 23 June 2021 | - | $0.000 | 4,125 |
| Transaction costs | | - | $0.000 | (3,207,175) |
| Balance 30 June 2021 | | 812,819,535 | | 219,831,932 |

*Ordinary shares*

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

## Note 18. Issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*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 30 June 2021. Refer to note 34 for further detail.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may raise additional capital, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group is not subject to any financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

*Accounting policy for issued capital*
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Note 19. Reserves

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Share-based payments reserve | 12,910,165 | 1,573,392 |

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

## Note 19. Reserves (continued)

*Movements in reserves*
Movements in the share premium reserve during the current and previous financial year are set out below:

| Consolidated | Share-based payments $ |
|---|---|
| Balance at 1 July 2019 | 713,641 |
| Share-based payments | 885,026 |
| Exercise of options | (25,275) |
| | |
| Balance at 30 June 2020 | 1,573,392 |
| Share-based payments | 12,358,345 |
| Exercise of options | (977,706) |
| Cancelled options | (43,866) |
| | |
| Balance at 30 June 2021 | 12,910,165 |

## Note 20. Dividends

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

## Note 21. Financial instruments

***Financial risk management objectives***
The group's activities expose it to a variety of financial risks, particularly liquidity risk and wagering risk. The group's overall risk management program focuses on the unpredictability of wagering liabilities and liquidity.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies and evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Pound Sterling and the US dollar. Foreign exchange risk arises from transactions undertaken in foreign currencies, the translation of foreign currency monetary assets and liabilities and from the translations into Australian dollars of the results and net assets of overseas operations.

The group continually monitors the foreign currency risks and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level.

*Price risk*
The group is not exposed to any price risk.

*Interest rate risk*
The group is not exposed to any significant interest rate risk.

***Credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

## Note 21. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

***Liquidity risk***
Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The group manages liquidity risk by maintaining adequate cash reserves, raising capital to fund growth and by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2021 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 9,574,216 | - | - | - | 9,574,216 |
| Other payables | - | 6,723,190 | - | - | - | 6,723,190 |
| | | | | | | |
| *Interest-bearing - variable* | | | | | | |
| Lease liability | 8.00% | 404,529 | 404,616 | 1,802,085 | - | 2,611,230 |
| Total non-derivatives | | 16,701,935 | 404,616 | 1,802,085 | - | 18,908,636 |

| Consolidated - 2020 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 620,239 | - | - | - | 620,239 |
| Goods and services tax ('GST') payable | - | 65,009 | - | - | - | 65,009 |
| Other payables | - | 40,091 | - | - | - | 40,091 |
| | | | | | | |
| *Interest-bearing - variable* | | | | | | |
| Lease liability | 10.00% | 129,179 | 61,212 | 297,329 | - | 487,720 |
| Total non-derivatives | | 854,518 | 61,212 | 297,329 | - | 1,213,059 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 22. Fair value measurement

*Fair value hierarchy*
The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 Unobservable inputs for the asset or liability

| Consolidated - 2021 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Liabilities* | | | | |
| Contingent consideration (note 12 and note 28) | - | - | 6,480,126 | 6,480,126 |
| Deferred consideration (note 16 and note 28) | - | - | 9,000,000 | 9,000,000 |
| Retirement benefit obligations (note 17) | - | 1,609,577 | - | 1,609,577 |
| Total liabilities | - | 1,609,577 | 15,480,126 | 17,089,703 |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*
Due to the nature of contingent consideration and deferred consideration, it has been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the group's incremental borrowing rate.

*Level 3 assets and liabilities*
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

| Consolidated | Contingent consideration $ | Deferred consideration $ | Earn-out provision $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2019 | - | (4,000,000) | (6,000,000) | (10,000,000) |
| Payments | - | 4,000,000 | - | 4,000,000 |
| Payments through issuing shares | - | - | 6,000,000 | 6,000,000 |
| Balance at 30 June 2020 | - | - | - | - |
| Additions | 6,480,126 | 9,000,000 | - | 15,480,126 |
| Balance at 30 June 2021 | 6,480,126 | 9,000,000 | - | 15,480,126 |

*Accounting policy for fair value measurement*
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

## Note 22. Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership, the auditor of the company and its related entities:

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| *Audit services - PKF(NS) Audit & Assurance Limited Partnership* | | |
| Audit or review of the financial statements | 142,500 | 89,787 |
| *Other services - PKF(NS) Audit & Assurance Limited Partnership* | | |
| Other services | 5,000 | - |
| | 147,500 | 89,787 |
| *Audit services - BDO LLP* | | |
| Audit or review of the financial statements | 146,000 | - |

## Note 24. 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.

## Note 25. Key management personnel disclosures

*Compensation*
The aggregate compensation made to directors and other members of KMP of the group is set out below:

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Short-term employee benefits | 1,332,712 | 969,407 |
| Post-employment benefits | 124,115 | 90,550 |
| Share-based payments | 1,655,194 | 154,134 |
| | 3,112,021 | 1,214,091 |

## Note 26. Related party transactions

*Parent entity*
BetMakers Technology Group Ltd is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 29.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

*Transactions with related parties*
There were no transactions with related parties during the current and previous financial 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.

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

| | Consolidated | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Current receivables: | | |
| Loan to key management personnel * | 360,922 | 360,922 |

* As detailed in note 8, the group issued Employee Share Loans in March 2015. Those loans are repayable upon payment of a dividend or upon share sale. As at 30 June 2021, $360,922 (2020: $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 27. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent 2021 $ | Parent 2020 $ |
|---|---|---|
| Loss after income tax | (93,224,814) | (25,437,481) |
| Total comprehensive income | (93,224,814) | (25,437,481) |

*Statement of financial position*

| | Parent 2021 $ | Parent 2020 $ |
|---|---|---|
| Total current assets | 60 | 584,088 |
| Total assets | 93,257,323 | 27,829,988 |
| Total current liabilities | 6,191,323 | - |
| Total liabilities | 6,191,323 | - |
| Equity | | |
| Issued capital | 226,023,254 | 84,943,067 |
| Share-based payments reserve | 12,910,165 | 1,573,392 |
| Accumulated losses | (151,867,419) | (58,686,471) |
| Total equity | 87,066,000 | 27,829,988 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 28. Business combinations

*Sportech Holdco 1 Limited ('Sportech')*
On 17 June 2021, BetMakers Technology Group Ltd acquired 100% of the ordinary shares of Sportech Holdco 1 Limited and BetMakers US Inc., a 100% owned subsidiary of BetMakers Technology Group Ltd, acquired 100% of the ordinary shares of eBet Technologies Inc, Sportech Racing Canada Inc and Sportech Racing LLC. These entities, and their 100% owned subsidiaries, are the Racing, Tote and Digital operations formerly owned by Sportech PLC. The total consideration paid by the BetMakers Group, including post completion balance sheet adjustment payments, is estimated to be $61,348,083.

The goodwill of $29,849,272 represents the expected synergies from combining the assets with the BetMakers Group, and expanding the racing software, data and tote offering globally. The acquired business contributed revenues of $1,997,799 and profit after tax of $210,637 to the group for the period from 17 June 2021 to 30 June 2021. If the acquisition occurred on 1 July 2020 the full year contributions would have been revenues of $49,000,000 and loss after tax of $3,000,000. The values identified in relation to the acquisition of Sportech are provisional as at 30 June 2021. As part of the transaction consideration, the group and Sportech PLC are to review the completion balance sheet and make requisite payments for the net debt and net working capital position. As at 30 June 2021, the group had accounted for a net payment to Sportech PLC of $6,480,126 (refer to note 12 and note 22). This is subject to further review between the parties.

Details of the acquisition are as follows:

| | Fair value $ |
|---|---|
| Cash and cash equivalents | 13,078,760 |
| Trade receivables | 7,426,849 |
| Inventories | 4,519,085 |
| Prepayments | 407,397 |
| Property, plant and equipment | 8,124,774 |
| Right-of-use assets | 1,348,597 |
| Software | 9,940,767 |
| Deferred tax asset | 48,421 |
| Trade and other payables | (7,763,105) |
| Contract liabilities | (367,287) |
| Lease liabilities | (1,443,382) |
| Provision for income tax | (115,833) |
| Employee benefits | (2,096,654) |
| Retirement benefit liability | (1,609,577) |
| Net assets acquired | 31,498,812 |
| Goodwill | 29,849,272 |
| Acquisition-date fair value of the total consideration transferred | 61,348,084 |
| Representing: | |
| Cash paid or payable to vendor | 61,348,084 |
| Acquisition costs expensed to profit or loss | 2,804,847 |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 61,348,084 |
| Less: cash and cash equivalents | (13,078,760) |
| Net cash used | 48,269,324 |

## Note 28. Business combinations (continued)

*Asset acquisitions*
On 23 June 2021, the group purchased the technology platform assets, databases and intellectual property of racing data company Form Cruncher Pty Ltd ('Form Cruncher') for total consideration of $2,000,000. The consideration comprised of $500,000 of the company's shares, deferred consideration of $250,000 6 months post completion date and $250,000 12 months post completion date. A performance payment of a maximum of $1,000,000 is payable depending on revenues generated for the 2023 financial year from the assets acquired. The performance payment will be comprised of a maximum of $500,000 cash and a maximum of $500,000 of the company's shares. As at 30 June 2021, the company has recognised a liability of $1,000,000 in relation to the performance payment. Refer to note 16 and note 22 for further details.

On 23 June 2021, the group purchased the technology and intellectual property associated with Swopstakes betting product ('Swopstakes') for total consideration of $8,134,750. Swopstakes is a wagering platform to run sweepstakes on racing and sports. A performance payment of a maximum of $15,000,000 is payable (in cash, the company's shares, or a combination at the company's discretion) depending on profit generated in either the 2023 calendar year or 12 months following integration. As at 30 June 2021, the company has recognised a liability of $7,500,000 in relation to the performance payment. Refer to note 16 and note 22 for further details.

*Accounting policy for business combinations*
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. To determine whether a set of activities and assets constitutes a business, the group has the choice to apply a 'concentration test', which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 2021 % | Ownership interest 2020 % |
|---|---|---|---|
| Operis Momentus Pty Ltd | Australia | 100.00% | 100.00% |
| 12Follow Pty Ltd | Australia | 100.00% | 100.00% |
| OM IP Pty Ltd | Australia | 100.00% | 100.00% |
| OM Apps Pty Ltd | Australia | 100.00% | 100.00% |
| The Global Tote Australia Pty Limited | Australia | 100.00% | 100.00% |
| The Global Tote Limited | Alderney | 100.00% | 100.00% |
| Global Tote Lankan (PVT) | Sri Lanka | 100.00% | 100.00% |
| BetMakers DNA Pty Ltd | Australia | 100.00% | 100.00% |
| AETEG Holdings Pty Ltd | Australia | 100.00% | 100.00% |
| Global Betting Services Pty Ltd | Australia | 100.00% | 100.00% |
| DynamicOdds Pty Ltd | Australia | 100.00% | 100.00% |
| C.D.K. Software Limited | New Zealand | 100.00% | 100.00% |
| Managed Trading Services Pty Ltd | Australia | 100.00% | 100.00% |
| Bookies Card Pty Ltd * | Australia | 100.00% | - |
| BetMakers US Inc. ** | United States of America | 100.00% | - |
| Sportech Racing, LLS *** | United States of America | 100.00% | - |
| Sportech Holdco 1 Limited *** | England and Wales | 100.00% | - |
| eBet Technologies Inc *** | United States of America | 100.00% | - |
| Sportech Racing Canada Inc *** | Canada | 100.00% | - |
| Datatote (England) Limited *** | England and Wales | 100.00% | - |
| Racing Technology Ireland Limited *** | Ireland | 100.00% | - |
| Sportech France SAS *** | France | 100.00% | - |
| Sportech Racing Elekronik ve Bilgisayer Hizmetleri Sangayi Ticaret Limited Sirketi *** | Turkey | 100.00% | - |
| Autotote Europe GmbH *** | Germany | 100.00% | - |
| Sportech Racing GmbH *** | Germany | 100.00% | - |

* It was incorporated on 26 August 2020.
** It was incorporated on 27 January 2021.
*** Acquisition completed on 17 June 2021. Refer to note 28 for further details.

## Note 30. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss after income tax benefit for the year | (17,459,039) | (2,140,551) |
| Adjustments for: | | |
| Depreciation and amortisation | 2,698,046 | 2,145,811 |
| Share-based payments | 12,358,345 | 885,026 |
| Foreign exchange differences | (6,485) | (2,867) |
| Finance costs - non-cash | 83,651 | 106,823 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | 2,598,393 | (1,085,811) |
| Decrease in finished goods | 125,452 | - |
| Increase in deferred tax assets | (4,951,664) | (765,227) |
| Decrease/(increase) in prepayments | (107,341) | 22,294 |
| Increase/(decrease) in trade and other payables | 1,419,269 | (327,290) |
| Increase in contract liabilities | 497,436 | - |
| Increase in provision for income tax | - | 479,339 |
| Increase in employee benefits | 645,320 | 139,829 |
| Increase in other provisions | 75,737 | 41,473 |
| Net cash used in operating activities | (2,022,880) | (501,151) |

## Note 31. Changes in liabilities arising from financing activities

| Consolidated | Lease liability $ |
|---|---|
| Balance at 1 July 2019 | - |
| Net cash used in financing activities | (158,082) |
| Acquisition of plant and equipment right-of-use by means of leases | 607,101 |
| Other changes | 13,922 |
| Balance at 30 June 2020 | 462,941 |
| Net cash used in financing activities | (482,576) |
| Acquisition of plant and equipment right-of-use by means of leases | 853,974 |
| Changes through business combinations (note 28) | 1,443,382 |
| Other changes | 216,299 |
| Balance at 30 June 2021 | 2,494,020 |

## Note 32. Earnings per share

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss after income tax attributable to the owners of BetMakers Technology Group Ltd | (17,459,039) | (2,140,551) |

## Note 32. Earnings per share (continued)

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 675,207,558 | 457,169,645 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 675,207,558 | 457,169,645 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (2.59) | (0.47) |
| Diluted earnings per share | (2.59) | (0.47) |

24,562,500 (2020: 63,396,681) options and 40,050,004 (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 year ended 30 June 2021. These options could potentially dilute basic earnings per share in the future.

*Accounting policy for earnings per share*

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of BetMakers Technology Group Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

## Note 33. 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.

Set out below are summaries of options granted:

2021

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/11/2015 | 21/06/2022 | $0.060 | 16,667,000 | - | (16,667,000) | - | - |
| 03/07/2017 | 31/10/2020 | $0.300 | 1,954,681 | - | (586,404) | (1,368,277) | - |
| 03/07/2017 | 31/10/2020 | $0.300 | 1,000,000 | - | (175,000) | (825,000) | - |
| 17/09/2018 | 30/11/2020 | $0.120 | 4,000,000 | - | (4,000,000) | - | - |
| 28/06/2019 | 27/06/2022 | $0.060 | 10,000,000 | - | (10,000,000) | - | - |
| 09/12/2019 | 01/07/2022 | $0.060 | 10,000,000 | - | (1,000,000) | - | 9,000,000 |
| 29/08/2019 | 31/12/2022 | $0.060 | 19,400,000 | - | (6,075,000) | - | 13,325,000 |
| 10/10/2019 | 31/12/2022 | $0.060 | 125,000 | - | (62,500) | - | 62,500 |
| 14/01/2020 | 30/06/2022 | $0.130 | 250,000 | - | (125,000) | - | 125,000 |
| 02/11/2020 | 30/09/2023 | $0.450 | - | 1,000,000 | - | - | 1,000,000 |
| 02/11/2020 | 30/09/2023 | $0.500 | - | 800,000 | - | - | 800,000 |
| 08/12/2020 | 31/10/2023 | $0.500 | - | 250,000 | - | - | 250,000 |
| 29/04/2021 | 01/02/2023 | $0.700 | - | 32,000,000 | - | - | 32,000,000 |
| | | | 63,396,681 | 34,050,000 | (38,690,904) | (2,193,277) | 56,562,500 |

## Note 33. Share-based payments (continued)

2020

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/11/2015 | 21/06/2022 | $0.060 | 16,667,000 | - | - | - | 16,667,000 |
| 03/07/2017 | 31/10/2020 | $0.300 | 1,954,681 | - | - | - | 1,954,681 |
| 03/07/2017 | 31/10/2020 | $0.300 | 1,000,000 | - | - | - | 1,000,000 |
| 17/09/2018 | 30/11/2020 | $0.120 | 4,000,000 | - | - | - | 4,000,000 |
| 28/06/2019 | 27/06/2022 | $0.060 | 10,000,000 | - | - | - | 10,000,000 |
| 09/12/2019 | 01/07/2022 | $0.060 | - | 10,000,000 | - | - | 10,000,000 |
| 29/08/2019 | 31/12/2022 | $0.060 | - | 19,800,000 | (400,000) | - | 19,400,000 |
| 10/10/2019 | 31/12/2022 | $0.060 | - | 250,000 | (125,000) | - | 125,000 |
| 14/01/2020 | 30/06/2022 | $0.130 | - | 250,000 | - | - | 250,000 |
| | | | 33,621,681 | 30,300,000 | (525,000) | - | 63,396,681 |

Set out below are the options exercisable at the end of the financial year:

| Grant date | Expiry date | 2021 Number | 2020 Number |
|---|---|---|---|
| 21/06/2019 | 21/06/2022 | - | 16,667,000 |
| 03/07/2017 | 31/10/2020 | - | 586,404 |
| 03/07/2017 | 31/10/2020 | - | 175,000 |
| 17/09/2018 | 30/11/2020 | - | 4,000,000 |
| 28/06/2019 | 27/06/2022 | - | 10,000,000 |
| 09/12/2019 | 01/07/2022 | 9,000,000 | 10,000,000 |
| 29/08/2019 | 31/12/2022 | 13,325,000 | 15,900,000 |
| | | 22,325,000 | 57,328,404 |

The weighted average share price of options exercised during the reporting period was $0.072 (2020: $0.076).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.50 years (2020: 1.97 years).

*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. On 27 May 2020, upon receiving shareholder approval, the company issued Waterhouse VC 4 performance rights. Performance rights were also issued to employees under the company's LTIP for nil consideration.

## Note 33. Share-based payments (continued)

Set out below are summaries of performance rights granted:

2021

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the 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 | - | - | 15,050,000 |
| | | | 4 | 107,050,000 | - | - | 107,050,004 |

2020

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the 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 |
| | | | - | 4 | - | - | 4 |

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

The share-based payment expense for the options and performance rights granted during the year was recognised in profit or loss of $12,358,345 (2020: $885,026).

For the options and performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 02/11/2020 | 30/09/2023 | $0.410 | $0.450 | 80.00% | - | 0.11% | $0.1980 |
| 02/11/2020 | 30/09/2023 | $0.410 | $0.500 | 80.00% | - | 0.11% | $0.1870 |
| 08/12/2020 | 31/10/2023 | $0.635 | $0.500 | 80.00% | - | 0.10% | $0.3620 |
| 29/04/2021 | 01/02/2023 | $1.365 | $0.700 | 85.00% | - | 0.08% | $0.0853 |
| 29/04/2021 | 30/06/2023 | $1.365 | $0.000 | 85.00% | - | 0.08% | $1.0200 |
| 29/04/2021 | 30/06/2024 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.7700 |
| 29/04/2021 | 30/06/2025 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.5800 |
| 29/04/2021 | 30/06/2025 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.4300 |
| 29/04/2021 | 30/06/2025 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.9000 |
| 29/04/2021 | 01/02/2023 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.6825 |
| 29/04/2021 | 01/02/2023 | $1.365 | $0.000 | 85.00% | - | 0.08% | $0.1365 |
| 23/06/2021 | 30/06/2025 | $1.165 | $0.000 | 85.00% | - | 0.08% | $0.6521 |

## Note 33. Share-based payments (continued)

*Accounting policy for share-based payments*
Equity-settled share-based compensation benefits are provided to employees and advisers. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services and to others as part of their compensation for services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined for each option granted using either the Binomial or Black-Scholes option pricing model, as appropriate, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## Note 34. Events after the reporting period

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 6 August 2021, the New Jersey Governor signed the Bill to 'authorise fixed odds wagering on horse races through fixed odds wagering system'. BET has an exclusive 10-year agreement with New Jersey Thoroughbred Horsemen Association and Darby Development LLC., to deliver and manage Fixed Odds thoroughbred horse racing into New Jersey.

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, 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.

No other matter or circumstance has arisen since 30 June 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Nicholas Chan
Chairman

Todd Buckingham
Director

30 August 2021
Sydney

PKF



# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF BETMAKERS TECHNOLOGY GROUP LIMITED

## Report on the Audit of the Financial Report

### Opinion

We have audited the accompanying financial report of BetMakers Technology Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and the consolidated entity comprising the Group and the entities it controlled at the year end or from time to time during the financial year.

In our opinion, the financial report of BetMakers Technology Group Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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## Key Audit Matters (cont'd)

1. Impairment testing of goodwill and other intangible assets

| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| As disclosed in Note 11, the Group has goodwill and other intangible assets of $68.6m as at 30 June 2021 (2020: $20.1m).<br><br>At the end of each reporting period, the Group is required to determine whether there is any indication that the intangible assets are impaired under AASB 136 Impairment of Assets.<br><br>The Group uses the "value-in-use" methodology in determining the recoverable amount which measures the present value of future cashflows expected to be derived from these assets.<br><br>The evaluation of the recoverable amount requires the Group to exercise significant judgment, which include:<br><br>• 5-year cash flow forecast;<br>• Terminal growth factor; and<br>• Discount rate.<br><br>The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of goodwill and other intangible assets is a Key Audit Matter. | As part of our procedures we assessed the Group's determination of Cash Generating Units (CGUs). Our procedures included but were not limited to the following:<br><br>• assessing reasonableness of the FY22 budget approved by the Board by comparing the budget to FY21 actuals and other financial information;<br>• reviewing key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts;<br>• assessing the discount rate applied by comparing the Weighted Average Cost of Capital to industry benchmarks;<br>• reviewing on a sample basis, the mathematical accuracy of the cash flow models;<br>• assessing management's sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value;<br>• assessing the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 11; and<br>• assessing the expected utilisation of the software and intellectual property acquired and their useful lives for amortisation purposes. |

## Key Audit Matters (cont'd)

2. Recognition and Valuation of Deferred Tax Assets

**Why significant**

As disclosed in Note 6 of the financial report, at 30 June 2021 the Group has recorded a deferred tax asset of $12.3m (2020: $7.3m) relating to deductible temporary differences and tax losses incurred.

As noted in Note 6 of the financial report, deferred tax assets are only recognised if the Group considers it probable that:

- future taxable income will be generated to utilise these temporary differences and losses; and the
- company continues to meet the Same Business Test and Similar Business Test rules as applicable.

Significant judgement is required in:

- forecasting future taxable income; and
- estimating the tax rates expected to apply when the assets are recovered.

Based on the above, we have considered the recognition and valuation of deferred tax assets to be a Key Audit Matter.

**How our audit addressed the key audit matter**

We have assessed and challenged management's judgements relating to the Group's forecasts and the ability to generate future taxable income, and also the recognition criteria under AASB 112 Income Taxes.

Our procedures included but were not limited to:

- assessing the reasonableness of key assumptions used in the forecasts with respect to income and expenditure and future taxable income;
- testing, on a sample basis, the mathematical accuracy of the cash flow models; and
- reviewing the nature of the deferred tax asset and its probability of being realised in accordance with the carried forward tests.
- assessing the reasonableness of the tax rates to apply when the assets are expected to be recovered.
- assessing the appropriateness of the disclosures included in Note 6 in respect of the deferred tax balances.

## Key Audit Matters (cont'd)

3. Business Combinations and Acquisition Accounting

| Why significant | How our audit addressed the key audit matter |
|---|---|
| As disclosed in note 28 of the financial report, the Group completed a number of material business acquisitions during the year ended 30 June 2021.<br><br>These acquisitions represent a significant expansion of existing operations as well as the acquisition giving rise to a significant goodwill balance.<br>In addition, these acquisitions have given rise to an element of deferred consideration that requires management to apply judgement and estimations on future revenue.<br><br>Based on the above, we have considered the accounting for business combinations and acquisition accounting to be a Key Audit Matter. | Our procedures included, but were not limited to, the following:<br><br>• assessing the reasonableness and accuracy of the allocation of the fair value of assets and liabilities, consideration used and allocation of goodwill on a provisional basis;<br>• performing an assessment over the acquisition accounting performed in accordance with AASB 3 Business Combinations;<br>• reviewing sale and purchase agreements;<br>• assessing the underlying estimates and assumptions used by the Directors in relation to deferred consideration as a result of the acquisitions;<br>• assessing the appropriateness of the disclosures included in Note 28 in respect of the business combinations. |

## Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

## Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Betmakers Technology Group Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF

PKF

P.Pearman.

PAUL PEARMAN
PARTNER

30 AUGUST 2021
SYDNEY, NSW

The shareholder information set out below was applicable as at 30 July 2021.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | | Options over ordinary shares | | Performance rights over ordinary shares | |
|---|---|---|---|---|---|---|
| | Number of holders | % of total shares issued | Number of holders | % of total shares issued | Number of holders | % of total shares issued |
| 1 to 1,000 | 3,783 | 0.30 | - | - | 1 | - |
| 1,001 to 5,000 | 6,224 | 2.03 | - | - | - | - |
| 5,001 to 10,000 | 2,539 | 2.35 | - | - | - | - |
| 10,001 to 100,000 | 3,865 | 14.30 | 3 | 0.45 | 18 | 1.68 |
| 100,001 and over | 626 | 81.02 | 14 | 99.55 | 21 | 98.32 |
| | 17,037 | 100.00 | 17 | 100.00 | 40 | 100.00 |
| Holding less than a marketable parcel | 1,345 | - | - | - | - | - |

## Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| TEKKORP HOLDINGS LLC* | 87,000,000 | 10.27 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 83,017,376 | 9.80 |
| NATIONAL NOMINEES LIMITED | 59,735,105 | 7.05 |
| CITICORP NOMINEES PTY LIMITED | 38,089,852 | 4.49 |
| TRIPP INVESTMENTS PTY LTD (TRIPP INVESTMENT A/C) | 35,714,285 | 4.21 |
| WATERHOUSE VC PTY LTD (WATERHOUSE VC A/C) | 31,108,429 | 3.67 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 19,600,737 | 2.31 |
| TODD CAMERON BUCKINGHAM | 14,686,834 | 1.73 |
| CHRISTOPHER ROBERT BEGG | 14,093,585 | 1.66 |
| MR KARL ALEXANDER BEGG | 13,850,382 | 1.63 |
| RBW NOMINEES PTY LTD (RBW DISCRETIONARY A/C) | 12,000,000 | 1.42 |
| CG NOMINEES (AUSTRALIA) PTY LTD | 8,500,000 | 1.00 |
| EDINBURGH PARK STUD PTY LTD | 5,425,000 | 0.64 |
| BRIDGETRACK INVESTMENTS PTY LTD | 5,233,219 | 0.62 |
| P G BINET (NO 5) PTY LTD | 5,000,000 | 0.59 |
| BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD (DRP A/C) | 4,856,134 | 0.57 |
| NICHOLAS HILLARY CHAN | 4,426,473 | 0.52 |
| BNP PARIBAS NOMS PTY LTD (DRP) | 4,417,234 | 0.52 |
| BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD (DRP A/C) | 4,362,009 | 0.51 |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP) | 4,257,046 | 0.50 |
| | 455,373,700 | 53.71 |

* As set out in the announcement released on 19 July 2021, Tekkorp Holdings LLC entered into a funding arrangement with an investment bank secured by 28,000,000 fully paid ordinary shares in the Company.

*Unquoted equity securities*
The following options are on issue:

| Class | Number on issue | Number of holders |
|---|---|---|
| Unlisted Options expiring 30 June 2022 with strike price at $0.130 | 125,000 | 1 |
| Unlisted Options expiring 31 December 2022 with strike price at $0.060 | 13,012,500 | 11 |
| Unlisted Options expiring 30 September 2023 with strike price at $0.50 | 800,000 | 2 |
| Unlisted Options expiring 30 September 2023 with strike price at $0.45 | 1,000,000 | 1 |
| Unlisted Options expiring 31 October 2023 with strike price at $0.50 | 250,000 | 1 |
| Unlisted Options expiring 01 February 2024 with strike price at $0.70 | 32,000,000 | 1 |

The following performance rights are on issue:

| Class | Number of performance rights | Number of holders |
|---|---|---|
| Performance right convertible into ordinary shares (subject to vesting conditions) | 15,050,000 | 37 |
| Performance right convertible into ordinary shares (subject to vesting conditions) | 15,000,000 | 1 |
| Performance right convertible into ordinary shares (subject to vesting conditions) | 5,000,000 | 1 |
| Performance right convertible into ordinary shares (subject to vesting conditions) | 5,000,000 | 1 |
| Performance right convertible into ordinary shares (subject to vesting conditions) | 67,000,000 | 1 |
| Class B performance right convertible into options (subject to vesting conditions) | 1 | 1 |
| Class C performance right convertible into options (subject to vesting conditions) | 1 | 1 |
| Class D performance right convertible into options (subject to vesting conditions) | 1 | 1 |
| | 107,050,003 | 44 |

**Substantial holders**
The following holders are registered by the company as a substantial holder, having declared a relevant interest in accordance with the Corporations Act 2001, in the voting shares below:

| | Ordinary shares Number held * | Ordinary shares % of total shares issued** |
|---|---|---|
| Tekkorp Holdings LLC | 115,000,000 | 13.57% |
| Paradice Investment Management Pty Ltd | 54,053,346 | 6.31% |

* As disclosed in the last notice lodged with the ASX by the substantial shareholder.

** The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.

The following holders hold more than 20% of options in the Company, outside of the Company's long term incentive plan (**LTIP**):

| | Options over ordinary shares Number held | Options over ordinary shares % of total options issued |
|---|---|---|
| Tripp Investments Pty Ltd (Tripp Investment) | 32,000,000 | 67.81% |

The following holder holds more than 20% of performance rights in the Company, outside of the LTIP:

| | Performance rights over ordinary shares Number held | Performance rights over ordinary shares % of total performance rights issued |
|---|---|---|
| Tripp Investments Pty Ltd (Tripp Investment) | 67,000,000 | 62.59% |

## Voting rights

*Ordinary shares*
Subject to any rights or restrictions for the time being attached to any class or classes at general meetings of shareholders or classes of shareholders:

(a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

*Options*
Options do not carry any voting rights.

*Performance rights*
Performance rights do not carry any voting rights.

## Share Buy-Backs

There is no current on-market buy-back scheme.