

5th February 2020

BetMakers Technology Group

Signs exclusive 10-year fixed odds deal with New Jersey

BetMakers Technology Group (ASX:BET) is a B2B software services business focussed on servicing the wagering market and race operators globally. The company's technology and systems are used by every racing authority in Australia and most of the major online bookmakers. BetMakers is not a gaming company, it is a technology company that is facilitating commercial opportunities for racing authorities, rights holders, and corporate bookmakers while providing an improved racing experience for punters. The company has signed a 10-year exclusive agreement with the New Jersey Thoroughbred Horsemen Association and Darby Development, the operator of the Monmouth Park race-track to deliver and managed Fixed Odds horse racing into New Jersey and exclusively distribute Monmouth Park racing content throughout the US and internationally. Our current base case forecasts do not encompass this development which is likely to deliver revenue upside. As a consequence, our forecasts are under review.

10-year exclusive fixed-odds deal a US first

BET has signed a 10-year exclusive deal to deliver and manage Fixed Odds horse racing in New Jersey along with exclusive distribution of Monmouth Park racing content throughout other parts of the US and internationally. The deal is the first Fixed Odds agreement for horse racing struck in the US. Until now, the US horse-racing has been solely pari-mutuel (or tote) with an annual handle of around US\$11.7b, which has been drifting sideways for a number of years. The opportunity now is for the US to replicate the development of the Australian Fixed Odds horse betting market which has grown from \$2.8b in 2004 to \$15.7b in 2019, with bookmakers accounting for \$11.1b of the 2019 turnover. New Jersey has been one of the pioneers for Fixed Odds sports betting in the US. The state's sports betting handle in CY 2019 was more than US\$5.2b in a total US handle of US\$15.8b. Only Nevada recorded a higher handle last year.

Global Racing Network validated

The deal also validates BET's Global Racing Network platform which will now launch in New Jersey and provide a uniform set of standards for racing bodies and bookmakers for ensuring the integrity of data and content distributed throughout the network. The arrangement with Monmouth Park and the Horsemen will see BET appointed the exclusive distributor for fixed odds horse betting for an initial term of 5 years with an additional 5-years extension. The deal includes BET paying Monmouth a percentage turnover fee with a guaranteed minimum of US\$5m in turnover fees over the initial 5-year period and race day fees for exclusive international distribution of Monmouth races. BET will now seek to form agreements with other US based and international race-tracks that want access to the New Jersey fixed odds market by offering their content to bookmakers operating in New Jersey.

Follows closely on the Waterhouse Group partnership

The New Jersey deal follows closely on the announcement last month that BET had partnered with the Waterhouse Group to power both a betting app to be offered to tomwaterhouse.com's 80,000 members and the Waterhouse global pricing and trading desk, a B2B Managed Trading Services solution for wagering operators looking to outsource their trading operations.

Forecasts under review, with expected revenue upside

We highlighted the potential upside of the Global Racing Network in our September 2019 initiation, [Embedded in the DNA of Racing](#), but did not incorporate US expansion in our base case valuation. As a consequence we see revenue upside and our forecasts are now under review.

Share details

ASX Code	BET
Share Price (intraday)	\$0.377
Market Cap (intraday)	\$178.5M
Shares on issue	473.49M
In the money options on issue	63.9M
Net cash at 31 Dec 2019	\$2.7M
Free float	~90%

Share price performance (12-months)



Upside Case

- Embedded in the racing clubs' integrity systems
- Strong relationships with corporate bookmakers in both Australia and UK
- Opportunity to leverage relationships to develop its Global Racing Network and potentially the Global Tote

Downside Case

- Dependent on volumes, clipping a very small portion of the wager
- Sensitive to regulation
- Potential backlash from incumbent totalisers

Catalysts

- Delivery of FY20 net revenue guidance of \$10m
- Continued evidence that the Global Tote and GRN are being adopted by corporate bookmakers/racing

Company contact

Anthony Pullin (CFO) +61 476 167 127

anthony.pullin@thebetmakers.com.au

RaaS Advisory contact

Finola Burke* +61 414 354 712
finola.burke@raasgroup.com

*Analyst holds shares

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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