

BlueBet Pty Ltd

ABN 42 607 521 835

Interim Report - 31 December 2020

The sole director presents his report, together with the financial statements, on the company for the half-year ended 31 December 2020.

Director

The following person was the sole director of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Sullivan

Principal activities

The principal activities of the company during the financial year were the offering of sports and racing betting products and services to online and telephone clients, via its innovative online wagering platform and mobile applications.

Dividends

Dividends declared during the financial half-year were as follows:

	31 Dec 2020	Unaudited
	\$	31 Dec 2019
		\$
Dividend for the half-year ending 31 December 2020	<u>1,225,032</u>	<u>-</u>

Review of operations

The profit for the company after providing for income tax amounted to \$3,372,183 (31 December 2019: \$2,334,815).

Significant changes in the state of affairs

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

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



Michael Sullivan
Director

7 May 2021

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Director's declaration	13
Independent auditor's report to the members of BlueBet Pty Ltd	14

General information

The financial statements cover BlueBet Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is BlueBet Pty Ltd's functional and presentation currency.

BlueBet Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

1 High Street
Kensington NSW 2033

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

The financial statements were authorised for issue, in accordance with a resolution of the sole director, on 7 May 2021. The sole director has the power to amend and reissue the financial statements.

	Note	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
Wagering revenue	3	15,442,636	6,317,724
Cost of sales		(6,521,632)	(2,155,186)
Gross profit		<u>8,921,004</u>	<u>4,162,538</u>
Expenses			
Employee benefits expense		(1,345,148)	(844,120)
Advertising and marketing expense		(2,099,301)	(694,106)
Memberships and subscriptions		(296,891)	(239,554)
IT expense		(194,296)	(83,669)
Administration expense		(159,144)	(49,342)
Depreciation and amortisation expense		(68,582)	(62,639)
Other expenses		(162,194)	(264,729)
Finance costs		<u>(30,235)</u>	<u>(45,997)</u>
Profit before income tax (expense)/benefit		4,565,213	1,878,382
Income tax (expense)/benefit	4	<u>(1,193,030)</u>	<u>456,433</u>
Profit after income tax (expense)/benefit for the half-year attributable to the owners of BlueBet Pty Ltd		3,372,183	2,334,815
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of BlueBet Pty Ltd		<u><u>3,372,183</u></u>	<u><u>2,334,815</u></u>
		\$	\$
Basic earnings per share	13	33,721.83	23,348.15
Diluted earnings per share	13	33,721.83	23,348.15

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

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		8,463,819	4,742,048
Trade and other receivables		-	6,509
Other assets		50,000	53,262
Total current assets		<u>8,513,819</u>	<u>4,801,819</u>
Non-current assets			
Property, plant and equipment		248,135	205,273
Right-of-use assets		44,571	89,143
Intangibles		16,876	22,964
Deferred tax asset	4	135,203	110,431
Total non-current assets		<u>444,785</u>	<u>427,811</u>
Total assets		<u>8,958,604</u>	<u>5,229,630</u>
Liabilities			
Current liabilities			
Trade and other payables		3,072,437	2,812,566
Borrowings		34,713	33,954
Lease liabilities		48,389	95,575
Income tax payable	4	1,132,626	464,824
Employee benefits		261,257	236,172
Client deposits on hand	5	2,220,817	1,535,783
Total current liabilities		<u>6,770,239</u>	<u>5,178,874</u>
Non-current liabilities			
Borrowings		128,476	146,024
Employee benefits		57,632	49,626
Total non-current liabilities		<u>186,108</u>	<u>195,650</u>
Total liabilities		<u>6,956,347</u>	<u>5,374,524</u>
Net assets/(liabilities)		<u>2,002,257</u>	<u>(144,894)</u>
Equity			
Issued capital	6	100	100
Reserves	7	36	36
Retained profits/(accumulated losses)		2,002,121	(145,030)
Total equity/(deficiency)		<u>2,002,257</u>	<u>(144,894)</u>

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

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	100	36	(3,727,073)	(3,726,937)
Profit after income tax benefit for the half-year	-	-	2,334,815	2,334,815
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	2,334,815	2,334,815
Balance at 31 December 2019	100	36	(1,392,258)	(1,392,122)

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	100	36	(145,030)	(144,894)
Profit after income tax expense for the half-year	-	-	3,372,183	3,372,183
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	3,372,183	3,372,183
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 8)	-	-	(1,225,032)	(1,225,032)
Balance at 31 December 2020	100	36	2,002,121	2,002,257

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

	Note	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
Cash flows from operating activities			
Receipts from customers (Client deposits)		39,959,566	23,983,002
Payments to customers (Client withdrawals)		(22,352,969)	(12,421,219)
Payments to suppliers and employees (inclusive of GST)		<u>(11,954,800)</u>	<u>(9,933,217)</u>
		5,651,797	1,628,566
Interest and other finance costs paid		(30,235)	(45,997)
Income taxes paid		<u>(550,000)</u>	<u>-</u>
Net cash from operating activities		<u>5,071,562</u>	<u>1,582,569</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(60,784)</u>	<u>(6,084)</u>
Net cash used in investing activities		<u>(60,784)</u>	<u>(6,084)</u>
Cash flows from financing activities			
Repayment of leases		(47,186)	(44,872)
Repayment of chattel mortgage		(16,789)	(7,870)
Repayment of director loan		-	(570,775)
Dividends paid	8	<u>(1,225,032)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,289,007)</u>	<u>(623,517)</u>
Net increase in cash and cash equivalents		3,721,771	952,968
Cash and cash equivalents at the beginning of the financial half-year		<u>4,742,048</u>	<u>554,584</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>8,463,819</u></u>	<u><u>1,507,552</u></u>

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

Note 1. Significant accounting policies

Basis of preparation

These condensed interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The financial statements provide comparative information in respect of the previous period, which, in the case of the half year ended 31 December 2019, has not been reviewed or audited.

New or amended Accounting Standards and Interpretations adopted

The company 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.

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

Note 2. Operating segments

Identification of reportable operating segments

The company is organised into one operating segment operated predominantly in Australia being sport and race betting services. This assessment is based on the internal reports that are reviewed and used by the sole director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided in the financial statements reflects the one operating segment and therefore not repeated here.

The information reported to the CODM is on a monthly basis.

Major customers

The company has no major customers.

Note 3. Wagering revenue

	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
<i>Revenue from wagering</i>		
Betting turnover	149,784,594	78,637,631
Payouts on betting	<u>(130,608,829)</u>	<u>(70,677,727)</u>
	19,175,765	7,959,904
Promotions given	<u>(3,733,129)</u>	<u>(1,642,180)</u>
Wagering revenue	<u><u>15,442,636</u></u>	<u><u>6,317,724</u></u>

Note 3. Wagering revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2020	Unaudited
	\$	31 Dec 2019
		\$
<i>Major product lines</i>		
Revenue from betting on:		
Sports	1,118,316	616,777
Horse racing	6,908,463	2,891,708
Greyhound racing	5,518,234	2,022,475
Harness racing	1,897,623	788,523
On track bets	-	(1,759)
	<u>15,442,636</u>	<u>6,317,724</u>
<i>Geographical regions</i>		
Australia and New Zealand	<u>15,442,636</u>	<u>6,317,724</u>

Note 4. Income tax

	31 Dec 2020	Unaudited
	\$	31 Dec 2019
		\$
<i>Income tax expense/(benefit)</i>		
Current income tax expense	1,217,802	517,195
Deferred tax benefit - origination and reversal of temporary differences	(24,772)	(127,201)
Deferred tax benefit on recognition of carried forward tax losses	-	(846,427)
	<u>1,193,030</u>	<u>(456,433)</u>
<i>Aggregate income tax expense/(benefit)</i>		
	<u>1,193,030</u>	<u>(456,433)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax (expense)/benefit	4,565,213	1,878,382
Tax at the statutory tax rate of 26% (2019: 27.5%)	1,186,955	516,555
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	51	640
	<u>1,187,006</u>	<u>517,195</u>
Adjustment to deferred tax balances as a result of change in statutory tax rate	6,024	-
First time recognition of deferred tax assets on temporary differences	-	(127,201)
Prior year tax losses now recognised and recouped	-	(517,195)
First time recognition of deferred tax assets on tax losses carried forward	-	(329,232)
	<u>1,193,030</u>	<u>(456,433)</u>
Income tax expense/(benefit)	<u>1,193,030</u>	<u>(456,433)</u>

Note 4. Income tax (continued)

	31 Dec 2020 \$	30 Jun 2020 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	82,911	78,594
Accrued expenses	<u>52,292</u>	<u>31,837</u>
Deferred tax asset	<u>135,203</u>	<u>110,431</u>
	31 Dec 2020 \$	30 Jun 2020 \$
<i>Provision for income tax</i>		
Provision for income tax	<u>1,132,626</u>	<u>464,824</u>

Note 5. Client deposits on hand

	31 Dec 2020 \$	30 Jun 2020 \$
<i>Current liabilities</i>		
Client deposits on hand	<u>2,220,817</u>	<u>1,535,783</u>

Client deposits represents monies held on behalf of players to facilitate convenient betting. Client deposits are interest free and refundable to clients on demand.

Note 6. Issued capital

	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$	30 Jun 2020 \$
Ordinary shares - fully paid	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends 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.

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.

The company has issued call options over ordinary shares in the company to a number of founding employees. Collectively, the options entitle the employee holders to 36% of the ordinary capital in the company in the event of their full collective exercise. The options, issued in September 2015, vest on fulfillment of the following terms:

- the employee completing two years of continued service with the company; and
- the company must have been granted a bookmaker's license by the Northern Territory Racing Commission (or other suitably qualified regulator) which allows it to operate in the Northern Territory.

The options, vested or otherwise, do not entitle the option holder to dividends, prior to being exercised for ordinary shares. As at 31 December 2020 and 30 June 2020, all option holders had completed two years of continued service for the company. As at the date of signing of the financial statements, the company had not been granted a bookmaker's license by the Northern Territory Racing Commission (or other suitably qualified regulator) which allows it to operate in the Northern Territory.

Note 7. Reserves

	31 Dec 2020 \$	30 Jun 2020 \$
Share-based payments reserve	<u>36</u>	<u>36</u>

Share-based payments reserve

The reserve is used to recognise the value of unvested equity benefits provided to employees and the sole director as part of their remuneration, and other parties as part of their compensation for services.

Note 8. Dividends

Dividends

Dividends declared during the financial half-year were as follows:

	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
Dividend for the half-year ending 31 December 2020	<u>1,225,032</u>	<u>-</u>

Note 9. Financial instruments

Carrying value and fair values of financial instruments

The carrying value of financial instruments in the Statement of Financial Position represents a reasonable approximation of their fair value on the basis that these balances are predominantly short term in nature.

Note 10. Contingent liabilities

The company had no contingent liabilities as at 31 December 2020 and 30 June 2020.

Note 11. Commitments

	31 Dec 2020 \$	30 Jun 2020 \$
<i>Chattel mortgage on motor vehicles</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	40,162	40,162
One to five years	<u>134,115</u>	<u>154,736</u>
Total commitment	174,277	194,898
Less: Future finance charges	<u>(11,088)</u>	<u>(14,920)</u>
Net commitment recognised as liabilities	<u><u>163,189</u></u>	<u><u>179,978</u></u>

Note 12. Related party transactions

The following related party transactions occurred during the half-years ended 31 December 2020 and 31 December 2019:

	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
Dividends paid to director	1,225,032	-
Director salary and employment benefits	98,550	98,550
Lease payments for motor vehicles used by the director	15,289	8,154
Company lease liability for motor vehicles used by the director	123,392	72,359

Refer to note 14 for details of related party transactions subsequent to half-year end.

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

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

Note 13. Earnings per share

	31 Dec 2020 \$	Unaudited 31 Dec 2019 \$
Profit after income tax attributable to the owners of BlueBet Pty Ltd	<u>3,372,183</u>	<u>2,334,815</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>100</u>	<u>100</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>100</u>	<u>100</u>
	\$	\$
Basic earnings per share	33,721.83	23,348.15
Diluted earnings per share	33,721.83	23,348.15

As disclosed in note 6, a number of founding employees hold options over the company's ordinary shares, for which vesting is contingent upon receipt of a bookmaker's license by the Northern Territory Racing Commission. As of the date of signing of the financial statements, the contingency is unresolved. If the options had vested and been exercised as of reporting date, the total number of ordinary shares outstanding would have been 156.

Note 14. Events after the reporting period

Subsequent to 31 December 2020, a loan of \$5,759,068 was extended to Michael Sullivan, sole shareholder of BlueBet at that time. The loan was fully extinguished by 7th May 2021 by way of cash repayment of \$4,420,000 and a dividend declared to Mr Sullivan of \$1,339,068.

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the company, 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 company's operations going forward. The company 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.

The Company is currently pursuing a listing on the Australian Stock Exchange.

On 22 April 2021, the company signed a lease agreement for new office space. The key terms of the lease are as follows:

- annual rent of \$227,000 plus outgoings commencing 1 July 2021, to increase on the anniversary date of commencement by 4%; and
- a term of 4 years.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

In the sole director's opinion:

- the attached financial statements and notes comply with the Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the sole director.



Michael Sullivan
Director

7 May 2021



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

To the member of BlueBet Pty Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of BlueBet Pty Limited, which comprises the condensed statement of financial position as at 31 December 2020, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration.

Director's Responsibility for the Half Year Financial Report

The director of the company is responsible for the preparation and fair presentation of the half year financial report and for such internal controls as the director determines is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report is not presented fairly, in all material respects, in accordance with AASB 134 *Interim Financial Reporting*. As the auditor of BlueBet Pty Limited, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of BlueBet Pty Limited does not present fairly, in all material respects, the company's financial position as at 31 December 2020 and its financial performance and its cash flows for the half year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Ernst & Young
Sydney
7 May 2021