



PROSPECTUS

Initial Public Offering of Shares

BlueBet Holdings Ltd
ACN 647 124 641

Joint Lead Managers and Underwriters

ORD MINNETT

 **morgans**

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BlueBet
TRUE BLUE BETTING

IMPORTANT NOTICES

Offer

This Prospectus is issued by BlueBet Holdings Ltd (the **Company**). The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in the Company. An offer for Options will also be made to certain people under this Prospectus in connection with the Employee Option Offer. See Section 7 for further information on the Offer and the Employee Option Offer, including as to details of the securities that will be issued and transferred under this Prospectus.

Lodgement and Listing

This Prospectus is dated 8 June 2021 and was lodged with ASIC on that date (**Prospectus Date**).

The Company will apply to ASX within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of the Shares on ASX (**Listing**).

Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date, being 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares.

You should consider the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (**Applications**) in the seven-day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements, which are statements that may be identified by words such as 'may', 'will', 'would', 'should', 'could', 'believes', 'estimates', 'expects', 'intends', 'plans', 'anticipates', 'predicts', 'outlook', 'forecasts', 'guidance' and other similar words that involve risks and uncertainties. Forward-looking statements speak only as at the date of this Prospectus and include statements about the Company's expectations regarding the performance of the Company's business and its plans, strategies, prospects and outlook.

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and its Directors and management. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Section 4 and Section 5, and other information in this Prospectus. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. The Company, the Company's Share Registry Boardroom Pty Limited (**Share Registry**) and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Ord Minnett Limited (ACN 002 733 048) (**Ord Minnett**) and Morgans Corporate Limited (ACN 010 539 607) (**Morgans**) have acted as Joint Lead Managers to the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus that is based on any statement made by any Joint Lead Manager or by any of their respective affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their respective affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information presentation

All references to FY19 and FY20 appearing in this Prospectus are to the financial years ended 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated. All references to 1H FY19, 1H FY20 and 1H FY21 appearing in this Prospectus are to the half years ended 31 December 2019, 31 December 2020, 31 December 2021 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Section 4 and Section 5.

Market and Industry Data based primarily on management estimates

This Prospectus (and in particular Section 2) contains data relating to the industries, segments, sectors and channels in which the Company operates (**Industry Data**). The Industry Overview has been prepared for the Company by Frost & Sullivan.

Such information includes, but is not limited to, statements and data relating to online retail penetration and forecasts, cashback penetration, market share, industry and market sizes, and trends. Other than the information that has been attributed to Frost & Sullivan, the Industry Data has been prepared by the Company using both publicly available data and internally generated data (including industry research and interviews with industry participants). The Company's internally generated data is based on estimates and assumptions that both the Directors and the Company's management believe to be reasonable, as at the Prospectus Date.

Other than the information that has been attributed to Frost & Sullivan, the Industry Data has not been independently prepared or verified and neither the Company nor the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Investors should note that industry and sector data and statistics are predictive and subject to uncertainty and not necessarily reflective of actual industry or market conditions.

In addition to the Industry Data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian residents on the Company's Offer website, www.bluebetoffer.com.au. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States of America (**US**).

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Company Offer Information Line on 1300 068 177 (toll free within Australia) or +61 2 8023 5416 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at www.bluebetoffer.com.au, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its hard copy form or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the US. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state of the US, and may not be offered or sold in the US except in transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.12 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry acting on its behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment outlined below.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below, or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Joint Lead Managers to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for analysing the Company's Shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access that personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone (outside Australia): +61 2 9290 9600
Telephone (toll free within Australia) 1300 737 760

Address: Grosvenor Place
Level 12, 255 George Street
Sydney NSW 2001

The Company aims to ensure the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any details you have provided change.

Financial Services Guide

Under the Corporations Act, the provider of the Independent Limited Assurance Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review. The Independent Limited Assurance Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Company website

Any references to documents included on the Company's website are provided for convenience only. None of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Schedule 1. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

Unless otherwise stated or implied, references to dates or years are to calendar years.

Questions

If you have any questions in relation to the Offer, contact the Company Offer Information Line on 1300 068 177 (toll free within Australia) or +61 2 8023 5416 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday.

This document is important and should be read in its entirety.

EXECUTIVE CHAIRMAN’S LETTER

Dear Investor,

On behalf of the Board and the team, it gives me great pleasure to invite you to become a Shareholder of BlueBet Holdings Ltd (the **Company**).

BlueBet, through its wholly owned subsidiary, is an Australian online wagering service provider licensed in the Northern Territory, offering customers a wide range of Australian and international racing and sports betting markets.

Before BlueBet, I spent 13 years as CEO of Sportingbet Australia, growing that company to an annual turnover of approximately \$3 billion until its acquisition by William Hill PLC. During that time, I saw the industry evolve and it was clear to me that the future of wagering was not only online, but also mobile.

I started BlueBet in 2015 as a ‘mobile-first’ company, with the vision to provide innovative wagering products to customers of Australian and international racing and sports. In that time, BlueBet has grown to over 92,000 Registered Customers (as at the date of this Prospectus) of which more than 27,000 are Active Customers. BlueBet’s customer base placed over 6.0 million bets in the 12 months to 31 March 2021.

The growth in the Company’s business is reflected in its financial performance, which has continued to strengthen. In FY20, BlueBet’s Turnover and Net Revenue increased 11.4% and 75.5%, respectively. This growth has continued into 1H FY21, which saw Turnover and Net Revenue grow 90.5% and 144.4% on 1H FY20, respectively. With the benefit of the funds raised at initial public offering (**IPO**), BlueBet forecast CY21 Turnover and Net Revenue to increase a further 46.5% and 39.6% on CY20, respectively.

Importantly, aligned to our vision as a mobile-first company, 62% of Bet Count in CY20 came from mobile apps. Continual user experience and app optimisations during this period have led to 83% Turnover growth on iOS and 204% on Android from CY19. A laser focus on the mobile experience allows us to use targeted marketing initiatives such as push notifications and in-app messaging efficiently, ensuring return on our marketing investment is optimised.

The approach is underpinned by the BlueBet wagering platform, which is scalable, cloud-based and designed for automated onboarding, optimised customer engagement and streamlined compliance.

Though the Company is less than six years old, listing on the ASX and becoming a public company marks the beginning of the next chapter of our journey. The Company has a dual-growth strategy focused on further increasing its market share in Australia and seeking to enter the online sports betting market in the US, the latter allowing it to capitalise on the considerable market opportunity created as a result of legislative reform allowing legalised online sports wagering. Frost & Sullivan reports that analysts have estimated the US market will reach US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion) in revenue in CY25.



“ Aligned to our vision as a mobile-first company, 62% of bets in CY20 came from mobile apps, with 83% Turnover growth on iOS and 204% on Android from CY19.

“ **BlueBet is targeting five priority states as a straight business-to-consumer (B2C) wagering provider before launching a Sportsbook-as-a-Solution offering in the USA.** ”

BlueBet is targeting five priority states in the US for its initial market entry as a straight business-to-consumer (**B2C**) wagering provider, to establish its business footprint. This is intended to be followed by launching a Sportsbook-as-a-Solution offering (explained in more detail in Section 3.3.3) through partnerships with US entities to reduce risk and the investment required from BlueBet.

On Completion of this Offer, BlueBet's pro forma historical net cash balance as at 31 December 2020 is expected to be \$51.3 million, which will enable the Company to execute on its dual-growth strategy, leading to increased customer acquisition and scale.

Through this Prospectus, BlueBet is seeking to raise up to \$80.0 million by inviting investors to subscribe for up to 70.2 million Shares at an Offer Price of \$1.14 per Share. Existing Securityholders (including myself as founder), management and Directors are anticipated to hold approximately 64.9% of the total Shares on issue upon Completion of the Offer.

This Prospectus contains detailed information about the Offer, the wagering industry, BlueBet's business, and our historical and forecast financial performance. In particular, an investment in BlueBet involves a range of company-specific and industry-wide risks, some of which may not be within the Company's control. These include that the provision of wagering services is highly regulated and non-compliance with or changes to regulations, can have adverse financial, legal and reputational consequences; the risk of breaches of, or loss of, BlueBet's licence; increases in wagering taxes; disruption to the supply of sporting events through external events (such as pandemics); the risk that trends observed during CY20 towards greater migration of customers to online and mobile platforms are not sustained; and risks associated with compliance with privacy laws and cyber security. The key risks relevant to an investment in the Company are discussed in detail in Section 5.

I encourage you to read the Prospectus carefully and in its entirety before making an investment decision, and further recommend that you seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser if required.

On behalf of my fellow Directors and our management team, we look forward to welcoming you as a Shareholder.

Yours faithfully,



Michael Sullivan

Executive Chairman
BlueBet Holdings Ltd

KEY OFFER INFORMATION

IMPORTANT DATES

Prospectus lodgement date	Tuesday, 8 June 2021
Broker Firm Offer opens	Thursday, 17 June 2021
Broker Firm Offer closes and Applications due	Wednesday, 23 June 2021
Settlement	Monday, 28 June 2021
Issue of Shares (Completion)	Tuesday, 29 June 2021
Expected dispatch of holding statements	Wednesday, 30 June 2021
Expected commencement of trading of Shares on ASX on a normal settlement basis	Friday, 2 July 2021

DATES MAY CHANGE

The dates above are indicative only and may change without notice.

The Company, in consultation with the Joint Lead Managers, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notification to any recipient of this Prospectus or any Applicants. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging the Application Form (other than as expressly provided in this Prospectus).

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

QUESTIONS

If you have any questions in relation to the Offer, contact the Company's Offer Information Line on 1300 068 177 (toll free within Australia) or +61 2 8023 5416 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

KEY OFFER STATISTICS

Number of Shares available under the Offer	70.2 million
Offer Price	\$1.14
Gross proceeds from the Offer	\$80.0 million
Number of Shares to be held by Existing Securityholders at Completion of the Offer ¹	129.9 million
Total number of Shares on issue on Completion of the Offer (undiluted)	200.1 million
Total number of Shares on issue on Completion of the Offer (fully diluted) ²	210.4 million
Indicative market capitalisation at Completion³	\$228.1 million
Enterprise Value ⁴	\$178.5 million
Enterprise Value/CY21 Net Revenue	4.9x
Proposed ASX Code	BBT

Notes:

1. These are the persons who held Existing Securities as at the Prospectus Date. A majority of the Shares in the Company that will be held by Existing Securityholders following completion of the Restructure will be subject to voluntary escrow arrangements. See Section 7.12 and 9.7 for further details.
2. Fully diluted refers to the number of Shares and all Options on issue at Completion.
3. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer (undiluted).
4. Enterprise Value at the Offer Price is defined as market capitalisation at the Offer Price, less adjusted pro forma historical net cash of \$49.6 million as at 31 December 2020. For the purposes of the above table, pro forma historical net cash as at 31 December 2020 (per Table 4.11) has been adjusted for a \$1,339k dividend declared to Mr Sullivan subsequent to 31 December 2020 and to exclude \$176k of lease liabilities.

The BlueBet logo is positioned in the upper left quadrant of the image. It features the word "BlueBet" in a bold, sans-serif font, with "Blue" in blue and "Bet" in red. The background of the entire image is a dark, monochromatic photograph of a horse racing tote board. The tote board is filled with various numbers, including 15, 30, 25, 250, 660, 500, 33, 40, 660, 660, 1000, 12, 14, 11 1/2, 660, 330, and 1000. In the center of the tote board, there is a small display for the Caulfield Cup, which includes a trophy, a circular medallion, and a small informational card. The overall aesthetic is classic and elegant, with a focus on the racing theme.

1. INVESTMENT OVERVIEW

The BlueBet logo and tagline are located in the lower right quadrant of the image. The logo consists of the word "BlueBet" in a bold, sans-serif font, with "Blue" in blue and "Bet" in red. Below the logo is the tagline "TRUE BLUE BETTING" in a smaller, all-caps, sans-serif font. The background of the entire image is a dark, monochromatic photograph of a horse racing tote board. The tote board is filled with various numbers, including 15, 30, 25, 250, 660, 500, 33, 40, 660, 660, 1000, 12, 14, 11 1/2, 660, 330, and 1000. In the center of the tote board, there is a small display for the Caulfield Cup, which includes a trophy, a circular medallion, and a small informational card. The overall aesthetic is classic and elegant, with a focus on the racing theme.

1. INVESTMENT OVERVIEW

1.1 INTRODUCTION

TOPIC	SUMMARY	FOR MORE INFORMATION
Who is BlueBet?	BlueBet Holdings Ltd (ACN 647 124 641) (the Company). BlueBet is a profitable, debt-free, Australian wagering operator, which has been self-funded since its establishment in 2015, and has a track record of strong growth.	Important Notice and Section 3.1.1
What is BlueBet's history?	<p>BlueBet was founded by Michael Sullivan as a mobile-first, online bookmaker with the vision to provide more innovative wagering products to customers of Australian and international racing and sports. BlueBet has since grown into a profitable Australian online wagering operator experiencing significant growth in:</p> <ul style="list-style-type: none"> • Bet Count: 5.1 million bets in CY20 (+107.5% on CY19); • Turnover: \$266.3 million in Turnover in CY20 (+63% on CY19); • Active Customers: More than 25,000 Active Customers as at 31 December 2020 (+31% on 31 December 2019); • Net Win: \$28.5 million (+137.8% on CY19). <p>BlueBet's growth has been driven by targeted, cost-effective marketing campaigns, along with continued innovation of its products and enhancements to the wagering platform.</p>	Section 3.1.2
What industry does BlueBet operate in?	BlueBet operates in the wagering industry where customers place wagers/bets on the outcome of a sporting or racing event. BlueBet operates in the Australian market and has plans to expand operations into the US as part of its dual-growth strategy.	Section 2
What impact has COVID-19 had on the wagering industry in Australia?	<p>The COVID-19 pandemic from March 2020 onwards accelerated growth both in gambling overall and in online gambling, as many retail wagering outlets were closed and consumers were more reluctant to leave home. Based on research conducted in October 2020, the percentage of gamblers who gambled four or more times per week increased from 23% before COVID-19 to 32% during COVID-19, with statistically significant changes in frequency of betting on racing and other sports.</p> <p>Before COVID-19, 62% of gambling was undertaken online. This increased to 78% during COVID-19, with about 5% of gamblers shifting from using only land-based services to online services, and around one-third of gamblers signing up for a new online account during COVID-19.</p>	Section 2.2.2.2
What products does BlueBet offer its customers?	<p>BlueBet offers customers access to a wide range of wagering markets.</p> <p>BlueBet offers wagering products on 31 sports in Australia and internationally, plus entertainment and politics wagering markets. These wagering products span events in 24 countries.</p> <p>Racing wagering products accounted for 90% of Turnover in CY20 and are offered across the majority of regional and metropolitan thoroughbred, greyhound and harness racing meetings in Australia. Sport represented 21% of Turnover in CY19, though reduced to 10% of Turnover in CY20 due to the impact of the COVID-19 pandemic on scheduled sporting events.</p>	Section 3.2.1

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>How does BlueBet generate revenue and what are its key expenses?</p>	<p>BlueBet generates Turnover when a customer puts a stake (money) at risk through placing a bet on an event.</p> <p>BlueBet's Gross Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets.</p> <p>Net Win is equal to Gross Win less customer promotional costs. BlueBet will generate Gross Profit if its Net Revenue (Net Win less GST) is greater than its Cost of Sales, which primarily include wagering levies, point of consumption (POC) taxes, fees paid to affiliate partners and merchant fees.</p> <p>In CY20, BlueBet's Gross Win of \$34.9 million was 13.1% of Turnover (Gross Win margin). BlueBet's Net Win of \$28.5 million was 10.7% of Turnover (Net Win margin).</p>	<p>Section 3.1.4</p>
<p>How does BlueBet fund its operations?</p>	<p>BlueBet is debt-free and self-funded via profitable operations since establishment.</p>	
<p>Who are BlueBet's customers and how does it acquire them?</p>	<p>BlueBet's target market is individuals with an affinity for racing and sport, with advertising and marketing themed around BlueBet's 'customer-first' value proposition.</p> <p>BlueBet uses a combination of above-the-line marketing (advertising) and below-the-line marketing (email, SMS, push notifications and promotions) to acquire and reactivate customers, and to maximise customer engagement to the extent permitted by the Regulatory Framework.</p> <p>A comprehensive approach optimising spend on key performing channels is used. This multichannel approach delivered a Customer Acquisition Cost of \$117 per Account Registration and \$170 per Cost per First-Time Depositor in CY20.</p> <p>BlueBet reached approximately 80,000 Registered Customers at the end of CY20 (+48% from end of CY19), and more than 25,000 Active Customers (+31% on CY19).</p>	<p>Section 3.2.2</p>
<p>What is BlueBet's business model?</p>	<p>BlueBet's B2C business model is to:</p> <ul style="list-style-type: none"> • acquire new customers using a comprehensive multichannel approach with a focus on TV and digital, radio, outdoor advertising and new digital audio to target key demographics; • retain existing customers by optimising messaging and content across all key channels including email, SMS, push notifications and in-app messaging; and • maximise customer engagement to become their preferred betting platform. <p>For the US market, the Company intends to pursue a similar B2C strategy. The Company also intends to add a Sportsbook-as-a-Solution offering. This will involve creating partnerships with existing US entities that are able to use BlueBet's wagering platform and trading expertise to seamlessly enter the online sports betting market.</p>	<p>Section 3.2.3</p>
<p>What is the BlueBet technology platform?</p>	<p>BlueBet is powered by its custom-built technology suite that includes both customer-facing technology, which drives BlueBet's strong customer metrics, and non-customer-facing technology, which enables BlueBet to scale and innovate efficiently and in a cost-effective manner.</p> <p>The BlueBet platform has been market tested during high wagering throughput and managed to maintain a high level of performance during these significant spikes in activity. This seamless automated process allows BlueBet to scale the business without the need to dramatically increase headcount.</p> <p>BlueBet's technology platform also provides the ability to rapidly adapt existing products or create new product features and efficiently deploy them to market.</p>	<p>Section 3.4</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the Company's growth strategy?	<p>BlueBet has a dual-growth strategy focused on further increasing its market share in Australia, and seeking to enter the US online sports betting market to capitalise on the considerable market opportunity created as a result of legislative reform allowing legalised online sports wagering.</p> <p>For market expansion in Australia, BlueBet intends to commit resources to mobile marketing, partnerships, sponsorship, advertising and online strategies. While BlueBet's traditional, targeted marketing strategy has led to a lower Customer Acquisition Cost than comparable peers, with an increase in brand advertising planned over the coming 24 months, the Customer Acquisition Cost and per Cost per First-Time Depositor is expected to rise.</p> <p>For initial market entry in US, BlueBet intends to pursue a B2C offering, which will allow it to establish a footprint and optimise the team and products for the US market.</p> <p>BlueBet has identified up to five priority states in the US – Virginia, Iowa, Colorado, Tennessee and Maryland – for its initial market entry as a wagering provider. BlueBet is currently in advanced negotiations with an existing wagering licence holder in Iowa to enter a partnership, or 'Skin', which would enable it to operate in that state. In May 2021, BlueBet also applied for an online wagering licence with Virginia Lottery.</p> <p>This is to be followed by the launch of its Sportsbook-as-a-Solution to US entities in additional states, to reduce risk and capital required. BlueBet believes that partnering with select entities via Sportsbook-as-a-Solution, including potential partners with an existing brand awareness or aligned presence, can be a highly efficient and attractive means of expanding into the US market, as opposed to pursuing a mass-market, direct-to-consumer offering.</p>	Section 3.2.3 and Section 3.3

1.2 BACKGROUND ON THE SPORTS BETTING INDUSTRY

TOPIC	SUMMARY	FOR MORE INFORMATION
What is sports betting?	<p>Sports betting (also referred to as sports wagering) involves the placement of a wager on the outcome of a sporting event. For the purposes of this report, sports betting includes wagering on racing (horses, greyhounds and harness) and on all other sports, including other events deemed to be approved contingent events by a relevant authority (such as elections).</p> <p>Wagers may be placed through offline or online channels (online sports betting). The online channel involves placing a wager through the internet using a computer, internet-enabled mobile phone or some other connected device. In the US, online sports betting is generally known as mobile sports betting.</p>	Section 2.1.2.1
What is the size of the sports betting market?	<p>Australia</p> <p>Australia reportedly has the highest per capita gambling expenditure in the world, with expenditure per capita 40% ahead of the next country (Singapore) and about double the average of Western Europe.</p> <p>Total gambling expenditure in 2018–2019 was \$25.0 billion (\$1,277 per capita). Of this, gaming accounted for \$20.5 billion (82%) (and sports betting \$4.47 billion (18%) (of which racing accounted for \$3.51 billion and other sports \$0.96 billion). However, while expenditure on racing has increased at a compound annual growth rate (CAGR) of 3.8% since 2000–2001, other sports (non-racing) have increased at 19.0%, with an overall CAGR in sports betting of 5.1% over this period.</p>	Section 2.2.2.1 and Section 2.3.6

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>What is the size of the Sports Betting Market? (cont'd)</p>	<p>US</p> <p>As at 31 March 2021, sports betting has been legalised in 19 states (plus District of Columbia) and a legalisation process is pending in several others.</p> <p>One industry participant estimates that if all 50 states of the US fully legalise sports betting, including through mobile channels, the US sports betting market (across all channels) would be worth at least US\$22 billion (\$28.2 billion) in revenue.</p> <p>However, full legalisation across all 50 states of the US is unlikely and therefore the actual market size is likely to be smaller. Analysts are variously forecasting that by 2025, the US market will be US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion) based on differing assumptions about which states will legalise sports betting by that date and the average spend per adult.</p>	<p>Section 2.2.2.1 and Section 2.3.6</p>
<p>Who are the Company's key competitors?</p>	<p>Australia</p> <p>The main wagering service providers operating in Australia include Totalisator Agency Board (TAB), Sportsbet, Ladbrokes, Neds, bet365 and PointsBet.</p> <p>In 2019-20, BlueBet's market share of online sports betting revenue was estimated at 0.7%, and in calendar year 2020 is estimated to have increased to approximately 1.2%.</p> <p>US</p> <p>The main wagering service providers operating in the US include bet365, DraftKings, BetMGM, FanDuel, William Hill and Caesars.</p>	<p>Section 2.2.4 and Section 2.3.5</p>
<p>How is the online sports betting market regulated in BlueBet's markets, and what licences and permits does BlueBet hold to operate its business?</p>	<p>Australia</p> <p>To conduct wagering legally in Australia, an operator must hold a licence under a law of a state or territory that authorises such activity. In December 2020, BlueBet was granted an Australian Sports Bookmaker Licence by the Northern Territory Racing Commission. This licence allows BlueBet to be recognised as a corporate bookmaker in all Australian states and territories.</p> <p>US</p> <p>Sports betting has historically been heavily restricted in the US due to the limitations imposed by the Professional and Amateur Sports Protection Act (PASPA). This legislation was overturned in 2018, with the effect that each individual state is now free to legalise sports wagering, including online sports wagering.</p> <p>BlueBet is seeking entry in up to five priority states in the US. As at the date of this Prospectus, the Company does not hold any licences or agreements allowing it to operate.</p>	<p>Section 2.2.1, Section 2.3.1 and Section 3.5</p>

1.3 KEY STRENGTHS

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Track record of sustainable growth augmented by strong profitability</p>	<p>BlueBet grew Turnover during CY20 by 63% on CY19, which was further supported by strong profitability with an EBITDA margin of 26.1%. This profitable growth was supported by BlueBet's targeted, cost-effective marketing campaigns, which drive BlueBet's attractive returns and demonstrated by:</p> <ul style="list-style-type: none"> • an economical Cost per First-Time Depositor of \$170; • strong average Annual Customer Value \$1,117; and • an Average Annual Customer Value to Cost per First-Time Depositor ratio of 6.6x. <p>BlueBet's disciplined investment in growing its business has allowed BlueBet to increase key operating metrics to:</p> <ul style="list-style-type: none"> • 6.0 million Bet Count in the 12 months to 31 March 2021, representing 129.6% versus prior corresponding period (pcp); • over 92,000 Total Registered Customers in the 12 months to the date of this Prospectus. Total Registered Customers grew 51.6% in the 12 months up to 31 March 2021 versus pcp; and • over 27,000 Active Customers as at the date of this Prospectus. Active Customers grew 32.7% in the 12 months to 31 March 2021 versus pcp. <p>BlueBet's strong operational performance has translated to healthy financial results, with:</p> <ul style="list-style-type: none"> • \$390 million in Turnover forecast for CY21, representing +47% versus pcp; • \$39.8 million Net Win forecast for CY21, representing +40% versus pcp; and • 10.2% Net Win margin forecast for CY21. <p>This track record of managed investment and sustainable growth has meant that BlueBet has not used additional external equity investment since it was established in 2015, and in the opinion of management, positions the Company well for further profitable growth.</p>	<p>Section 3.10</p>
<p>Scalable business model and technology platform</p>	<p>BlueBet is powered by its custom-built technology suite that includes both customer-facing technology, which drives BlueBet's strong customer metrics, and non-customer-facing technology, which enables BlueBet to scale and innovate efficiently and in a cost-effective manner.</p> <p>BlueBet has developed its customer-facing technology with a mobile-first strategy, encompassing state-of-the-art native apps and a website where management focuses on delivering a premium mobile experience to the customer. In CY20, 61% of BlueBet's Turnover and 62% of BlueBet's Bet Count were conducted via its mobile apps. Notably, BlueBet's 'acquired on apps' Net Win margin in CY20 was 4.3 percentage points higher than the overall business Net Win margin.</p> <p>Controlling its own technology allows BlueBet to be agile and dynamic with regard to product development and innovation and provides management with optimal control over the business' product road map.</p>	<p>Section 3.10</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
Growth strategy	<p>The Company is well positioned to capitalise on future growth opportunities through a dual-growth strategy focused on further:</p> <ul style="list-style-type: none"> • increasing its market share in Australia; and • seeking to enter the US online sports betting market, to take advantage of the considerable market opportunity created as a result of legislative reform legalising online sports wagering. <p>The Company’s US market entry strategy is targeting five priority states for its initial market entry as a B2C wagering provider, in order to establish an initial business footprint. The Company has identified these states based on a range of factors, including status of legislation, population size and commercially acceptable taxation and regulatory requirements. Once established in the US market, the Company intends to launch its Sportsbook-as-a-Solution offering through partnerships and joint ventures with US entities, reducing capital required and risk in major states. The Company’s US strategy is in line with the overall strategy to grow in an aggressive but cost-effective manner.</p>	Section 3.10
Strong industry fundamentals	<p>Australia has the highest per capita gambling expenditure in the world. In 2019–2020 , online sports betting expenditure is estimated to have reached \$3.1 billion and is forecast to reach \$3.9 billion in 2020–2021.</p> <p>A considerable market opportunity also exists for BlueBet in the US. Analysts are variously forecasting that by 2025, the US market will be worth US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion).</p> <p>BlueBet is well positioned to capitalise on the strong industry fundamentals in Australia, as evidenced by the Company’s growing market share.</p> <p>Additionally, the Company is well placed to benefit from the US market opportunity. It is in advanced negotiations with an existing wagering licence holder in Iowa to enter a partnership or ‘Skin’, which would enable it to commence the licensing process. In May 2021, BlueBet also applied for an online wagering licence with Virginia Lottery.</p>	Section 3.10
Highly experienced management team	<p>The Company boasts a high-quality management team, led by founder Michael Sullivan, with significant experience in, and knowledge of, the wagering industry. The majority of his management team have long tenure with BlueBet, and this has been important in the Company establishing a solid foundation for future growth.</p> <p>The BlueBet team also includes an experienced Board and senior management team, including several key executives who have held senior management and other leadership positions with well-known wagering and gaming companies, including Sportingbet, Centrebet and Aristocrat. The Company intends to draw upon this industry experience in executing its growth strategy.</p>	Section 3.10

1.4 FINANCIAL INFORMATION

TOPIC	SUMMARY					FOR MORE INFORMATION	
What is the Company's historical and forecast financial performance?		PRO FORMA HISTORICAL		PRO FORMA FORECAST		STATUTORY FORECAST	
	\$'000	FY19	FY20	FY21	CY21	FY21	
	Net Revenue	9,575	16,808	31,388	36,201	31,388	
	Gross Profit	5,016	9,950	18,185	21,450	18,185	
	EBITDA	(1,190)	4,035	6,443	2,380	4,685	
	PBT	(1,374)	3,839	6,332	2,225	4,575	
	NPAT	(1,374)	4,035	4,686	1,652	3,125	
	For details of pro forma adjustments and significant components of the above Financial Information, please see Section 4 of the Prospectus.						
			PRO FORMA HISTORICAL		PRO FORMA FORECAST	STATUTORY FORECAST	
	\$'000		1H FY20	1H FY21	1H FY22	1H FY22	
Net Revenue		6,318	15,443	20,255	20,255		
Gross Profit		4,163	8,921	12,186	12,186		
EBITDA		1,427	4,169	107	(775)		
PBT		1,318	4,070	(37)	(918)		
NPAT		1,929	3,006	(27)	(909)		
For details of pro forma adjustments and significant components of the above Financial Information, please see Section 4 of the Prospectus.							
		STATUTORY HISTORICAL		STATUTORY HISTORICAL			
\$'000		FY19	FY20	1H FY20	1H FY21		
Net Revenue		9,575	16,808	6,318	15,443		
Gross Profit		5,016	9,950	4,163	8,921		
EBITDA		(190)	5,035	1,987	4,664		
PBT		(374)	4,839	1,878	4,565		
NPAT		(374)	4,485	2,335	3,372		
What is the Company's dividend policy?	The current policy of the Company is to invest all cash flows into the business to maximise its growth. Accordingly, the Company does not have any present plans to pay a dividend.					Section 4.11	

1.5 KEY RISKS

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>The wagering industry is highly regulated</p>	<p>The provision of wagering services is subject to extensive laws, regulations and, where relevant, race fields and/or sporting fixture permits and approvals (Regulations).</p> <p>There are potentially adverse financial, legal and/or reputational consequences that may come from failing to comply with the various Regulations. In addition, as the Company intends to expand its operations into the US, it will need to engage with new regulators and regulations.</p> <p>Changes to Regulations</p> <p>Many of the Regulations are subject to change and regulatory authorities may change their interpretation of the Regulations at any time, which may restrict or further regulate the Company’s operations in the future. Any changes to Regulations may result in additional costs or compliance burden for the Company.</p> <p>Breach of Regulations</p> <p>Any failure by the Company to comply with relevant Regulations may lead to penalties, sanctions or ultimately the amendment, suspension or revocation of relevant operating licences, approvals or permits and may have an impact on licences, approvals or permits in other jurisdictions. Further, any regulatory investigations or settlements could cause the Company to incur substantial costs or require it to change its business practices in a manner materially adverse to its business. Any of these outcomes could have a material adverse effect on the financial position and prospects of the Company.</p>	<p>Section 5.2.1</p>
<p>Loss of licences, permits and approvals</p>	<p>BlueBet relies on a statutory licence granted by the Northern Territory Racing Commission, and permits and approvals granted by other government agencies and authorities, regulatory bodies and racing and sports controlling bodies to operate its business. Various events relating to a licence may occur (e.g. BlueBet may breach the conditions of a licence, the conditions of a licence may be varied or a licence may be cancelled), which may result in BlueBet being unable to generate revenue.</p> <p>In certain situations, the authorities that regulate the licences and authorisations that have been granted to the Company may take disciplinary action against the Company. The disciplinary action that may be taken may result in the suspension, non-renewal, cancellation or termination of any of the key licences held by the Company, which would potentially result in a loss of revenue and profit for the Company, which would adversely affect the Company’s financial performance and financial position.</p>	<p>Section 5.2.2</p>
<p>Increase in Product Fees or point of consumption taxes</p>	<p>The Company is required to pay fees to each Australian racing and Sports Controlling Body in order to accept bets in respect of events conducted under the auspices of the relevant body (Product Fees). It is also required to pay certain taxes (including POC taxes) (Taxes) to Australian federal, state and territory governments. Any adverse changes to the Company’s existing payment obligations in respect of Product Fees and Taxes, or the imposition of new payment obligations on BlueBet such as new levies, taxes or other duties or charges in any of these jurisdictions, could materially and adversely affect the Company’s Cost of Sales and therefore affect the level of profit generated from operations.</p>	<p>Section 5.2.3</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>New management team, loss of Key Management Personnel and inability to attract and retain skilled personnel</p>	<p>The successful operation of the Company depends on the performance and expertise of its Key Management Personnel and high-performing employees with specialist skills. The Company relies heavily on senior management personnel who have intimate historical knowledge of the business, and have worked with BlueBet since its inception. The Company is also reliant on the capabilities of a number of its key employees who have experience in, and knowledge of, the technology underpinning BlueBet's wagering platform and operational processes.</p> <p>The loss of one or more of its key employees could lead to a potential loss of business process knowledge and have a materially adverse impact on management's ability to operate the business and achieve its growth strategies and prospects, including through the development and commercialisation of new solutions or products.</p> <p>The successful operation of the Company is also dependent upon its ability to attract and retain experienced and high-performing employees with specialist skills, including software development engineers and marketing specialists. Competition for such personnel is strong and there is a risk the Company may incur increasing costs to attract, develop and retain them. If the Company is unable to attract skilled personnel, it may be unable to effectively execute its growth strategy or maintain or expand its operations, which, in turn, could have a material adverse impact on the Company's business, operations and financial performance.</p>	<p>Section 5.2.4</p>
<p>The Company's proposed market expansion into the US</p>	<p>Regulatory risks</p> <p>BlueBet's growth strategy includes expansion into the developing wagering industry in the US. Each US state may introduce its own regulatory and licensing frameworks. Several states in the US have already passed legislation legalising sports betting and several other states have draft bills before the legislature, which may or may not be passed in future. Each state's legislation (both enacted and draft) varies in its scope and extent; however:</p> <ul style="list-style-type: none"> • while several states in the US have already legalised wagering to some extent, there is no guarantee that states that have not yet legalised wagering will do so in the future; and • the timing or scope of any enabling legislation or regulations, and the issuance of licences, cannot be assessed with any certainty in states that do move to legalise wagering. <p>There is also a risk that BlueBet's initial B2C market entry strategy may be adversely affected if states delay legislation or impose significant barriers to entry. These risks may preclude BlueBet from gaining access to those states or place BlueBet at a disadvantage should competitors gain early access. In addition, should enabling legislation be enacted, there is a risk that BlueBet may be unable to secure a commercial licence to operate in a state because BlueBet is unable to find or agree commercial terms with a suitable licence holder.</p> <p>Any delay or failure to pass enabling legislation or regulations and grant licences in key states, or the failure by BlueBet to enter into commercial partnerships, will have a significant adverse effect on BlueBet's growth plans and future financial performance. See also Section 5.2.1 and Section 5.2.2 for further details of the risks associated with the failure to obtain or retain regulatory or commercial licences.</p>	<p>Section 5.2.1, Section 5.2.2 and Section 5.2.5</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>BlueBet’s proposed market expansion into the US (cont’d)</p>	<p>Increases in Taxes or Fees</p> <p>US wagering operators are currently required to pay state wagering taxes and federal excise tax. There are also licence fees imposed by state governments on every sportsbook operating in the US. The quantum of these taxes and fees varies greatly from state to state. Given the US wagering market is still immature, there is no certainty that the current taxation and fee structures will remain the same in the future. Any increase to taxes or fees may impact the Company’s US market entry strategy and execution. An increase could materially and adversely affect the Company’s Cost of Sales and therefore affect the forecast level of profit generated from operations.</p> <p>The Company’s planned expansion into the US may be unsuccessful</p> <p>The Company’s proposed market expansion into the US is at a very early stage and there is no guarantee that the Company’s efforts at international expansion will be successful. The Company has determined that any revenue that may be derived from the Company’s proposed international expansion, and the timing of when that revenue (if any) will likely be derived is too uncertain, and for this reason, the Company has not considered potential revenue associated with international expansion in its Forecast Financial Information. In addition, conducting international operations subjects the Company to new risks that it may not face in Australia. These risks include:</p> <ul style="list-style-type: none"> • unexpected costs and errors in the localisation of the Company’s products, including adaptation for local regulatory requirements in various US states; • lack of familiarity and burdens of complying with foreign laws, legal standards, regulatory requirements and other barriers, which may vary from one state to another; • difficulties in managing and staffing international operations and differing employer/employee relationships; • fluctuations in exchange rates that may increase the volatility of the Company’s foreign-based revenue; and • other risk, as described in Section 5.2.5. <p>The Company will be also required to negotiate or apply for new commercial or government licences in its targeted states. The Company may be unable to obtain these new licences or to secure new licences on acceptable terms (or at all). This could have a material adverse effect on the Company’s ability to execute its growth strategy.</p>	<p>Section 5.2.1, Section 5.2.2 and Section 5.2.5</p>
<p>Technology risks</p>	<p>There are a number of Technology potential technology risks, which are detailed below.</p> <p>BlueBet’s technology may be superseded by other technology and its technology and product development may not be effective</p> <p>BlueBet’s future growth depends on its ability to develop its technology platform, products and processes in order to support increased customer numbers and activity. Increased use of BlueBet’s current technology may exceed its infrastructure capability, which in turn could result in a service outage, loss of data or the inability of customers to effectively use BlueBet’s products. In order to address this, BlueBet intends to use part of the proceeds of the Offer to develop its technology platform and products. However, the development and implementation of technology can be expensive and often involves an extended period of time to achieve a return on investment. The failure of BlueBet to successfully develop and implement technology upgrades may materially and adversely impact BlueBet’s business, operation and financial performance and prospects.</p>	<p>Section 5.2.6</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
Technology risks (cont'd)	<p>Hardware issues and disruption to BlueBet's systems</p> <p>BlueBet relies on the constant real-time performance, reliability and availability of its technology system, including in relation to its website and mobile app. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of BlueBet's control.</p> <p>Issues with third-party technologies/platforms on which BlueBet relies</p> <p>BlueBet also relies on third-party software suppliers, for the performance, reliability and availability of its technology system, including in relation to its website and mobile app. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of BlueBet's control.</p> <p>Risk associated with data protection and cyber security</p> <p>Through the ordinary course of business, BlueBet collects and maintains confidential or personal information about its customers. There is a risk that the measures taken by BlueBet may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such information.</p> <p>Any data security breaches or BlueBet's failure to protect confidential or personal information could cause significant disruption to BlueBet's business and trigger mandatory data breach notification obligations. Security breaches could cause significant damage to BlueBet's reputation, which may affect its ability to retain or attract new customers, and have a material adverse impact on the financial position and performance of BlueBet.</p> <p>Changes to third-party technologies or platforms that could affect BlueBet's ability to access its customers</p> <p>BlueBet's products and services must also remain compatible with a wide range of mobile technologies, iOS and Android operating systems, application stores, networks and standards that BlueBet does not control. Any changes to those systems or technologies could degrade BlueBet's functionality or give preferential treatment to competitive products. This may materially and adversely impact the Company's business, financial performance, as well as negatively impact the Company's reputation.</p>	Section 5.2.6
Success of sales and marketing strategy	<p>The Company's future success is partly dependent on the realisation of benefits from investment in marketing campaigns and initiatives. There is no guarantee that increased marketing spend will translate into increased customer numbers or increased betting volume.</p> <p>Failure to realise intended benefits from sales and marketing investment could adversely impact the Company's business, operations and financial performance.</p>	Section 5.2.7
Banking and payment processing performance	<p>BlueBet relies on online payment gateways, banking and financial and other institutions for the validation of payment methods, processing and settlement of payments. Any failures or disruptions to such platforms and technology may adversely affect the Company's business.</p> <p>Some customers may have difficulty making deposits into their BlueBet account due to specific policies by card issuers and banks to not allow gambling transactions, or to restrict transactions from merchants such as BlueBet whose main business is conducted online. If customers have difficulty making deposits into their BlueBet account and are unable or unwilling to deposit funds using alternative methods, this could result in lower Turnover for the Company and therefore negatively impact financial performance.</p>	Section 5.2.8

TOPIC	SUMMARY	FOR MORE INFORMATION
Disruption to supply and transmission of sporting events	Major sporting and racing events typically occur at fixed times during the year. The cancellation, postponement or curtailment of such significant sporting or racing events, for example due to the COVID-19 pandemic, adverse weather conditions or terrorist acts, or the cancellation, disruption to or postponement of the live broadcasting of sporting events in any particular reporting period could adversely affect the financial results of the Company in that period.	Section 5.2.9
Risk related to the COVID-19 pandemic	<p>The COVID-19 pandemic and associated government restrictions resulted in disruption in the scheduling of some sporting events and some local and international racing calendars.</p> <p>Investors should be aware that any future outbreak of COVID-19 that leads to the cancellation or rescheduling of racing or other sporting events, and related actions taken in response by Australian and other governments, including national lockdowns, border controls/travel restrictions and the effects of the pandemic on the global and domestic economy may have an adverse effect on the Company and its financial performance and outlook.</p>	Section 5.2.12
Other risks	A number of other risks are included in Section 5.	Section 5.2 and Section 5.3

1.6 DIRECTORS AND SENIOR MANAGEMENT

TOPIC	SUMMARY	FOR MORE INFORMATION
Who are the Directors of the Company?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Michael Sullivan – Executive Chairman; • Bill Richmond – Chief Executive Officer; • Tim Worner – Independent Non-Executive Director; • David Fleming – Independent Non-Executive Director; and • Nigel Payne – Independent Non-Executive Director. 	Section 6.1
Who are the members of the Company's senior management?	<p>The senior management of the Company are:</p> <ul style="list-style-type: none"> • Bill Richmond – Chief Executive Officer; and • Darren Holley – Chief Financial Officer. 	Section 6.2
What corporate governance policies does the Company have in place?	<p>The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles:</p> <ul style="list-style-type: none"> • Continuous Disclosure Policy; • Shareholder Communication Policy; • Securities Trading Policy; • Code of Conduct; • Diversity Policy; • Whistle-blower Protection Policy; and • Anti-bribery and Corruption Policy. 	Section 6.8

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED-PARTY TRANSACTIONS

TOPIC	SUMMARY				FOR MORE INFORMATION	
Who are the Existing Securityholders and what will be their interest before and at Completion?		EXISTING SECURITIES HELD AS AT THE PROSPECTUS DATE ¹		SHARES HELD AT COMPLETION ²		Section 7.2
	SECURITYHOLDERS	(%)	(MILLION)	(%)	(MILLION)	
	Michael Sullivan	64.0%	100.0	41.6%	83.2	
	Bill Richmond	12.5%	19.5	8.1%	16.2	
	Duncan McRae	12.5%	19.5	8.1%	16.2	
	Other Existing Securityholders	11.0%	17.2	7.1%	14.3	
	New Shareholders	-	-	35.1%	70.2	
Total	100.0%	156.3	100.0%	200.1		
Notes:						
<ol style="list-style-type: none"> 1. Calculated on a fully diluted basis (i.e., by taking into account an exercise of the Legacy Options by Existing Securityholders). Reflects a notional 1,000,000 for 1 share split because under the Implementation Deed, this is the ratio at which shares or options over shares (as applicable) in BlueBet Pty Ltd will be exchanged in consideration for Shares in the Company, as part of the Restructure described in Section 9.3. 2. The holding information for the Existing Securityholders excludes any other Shares they may acquire as part of the Offer at the Offer Price. 						
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?		AS AT THE PROSPECTUS DATE	AS AT COMPLETION			Section 6.3
	DIRECTOR/EXISTING SECURITYHOLDERS	EXISTING SECURITIES (MILLION) ¹	SHARES (MILLION) ²	OPTIONS (MILLION)		
	Michael Sullivan	100.0	83.2	0.8		
	Bill Richmond	19.5	16.2	0.8		
	Nigel Payne	-	-	-		
	Tim Worner	-	-	0.2		
	David Fleming	-	-	0.2		
Total	119.5	99.4	2.1			
Notes:						
<ol style="list-style-type: none"> 1. Calculated on a fully diluted basis (i.e., by taking into account an exercise of the Legacy Options by Existing Securityholders). Reflects a notional 1,000,000 for 1 share split because under the Implementation Deed, this is the ratio at which shares or options over shares (as applicable) in BlueBet Pty Ltd will be exchanged in consideration for Shares in the Company, as part of the Restructure described in Section 9.3. 2. Excludes any Shares which the Directors or other Securityholders may acquire as part of the Offer at the Offer Price. 						

TOPIC	SUMMARY	FOR MORE INFORMATION
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold? (cont'd)	<p>Directors and senior management are entitled to remuneration and fees on commercial terms as described in Section 6.3.</p> <p>Further, Existing Securityholders will receive a combination of cash and scrip in the Company in connection with the Restructure described in Section 9.3.</p> <p>Advisers and other service providers will receive fees for services on the terms set out in Section 6.3.</p> <p>Further details of the significant interests of key people, related-party transactions and adviser and service provider fee entitlements are set out in Section 6.</p>	
Will there be a controlling interest in the Company following Completion of the Offer?	<p>There will be no controlling interest in the Company immediately following the Offer.</p>	Section 7.2
Will any Shares be subject to restrictions on disposal following Completion?	<p>Details of the escrow arrangements are provided in Section 7.12 and 9.7.</p>	Section 7.12 and Section 9.7
Are there any other related-party arrangements in place?	<p>As described in Section 6.3 and 6.4 Michael Sullivan and Bill Richmond will receive certain benefits as part of their reasonable remuneration, as well as a portion of cash and Shares in the Company as a consequence of the Restructure. Other than as disclosed in those sections, BlueBet is not party to any material related-party arrangements.</p>	Section 6.3 and Section 6.4

1.8 OVERVIEW OF THE OFFER

TOPIC	SUMMARY	FOR MORE INFORMATION														
Who is the issuer of this Prospectus?	BlueBet Holdings Ltd (ACN 647 124 641).	Important notices														
What is the Offer under the Prospectus?	The Offer is an IPO of 70.2 million Shares at an Offer Price of \$1.14 per Share. The Shares offered under this Prospectus will represent approximately 35.1% of Shares on issue at Completion. The Offer is expected to raise approximately \$80.0 million.	Section 7.1														
Are any other securities being offered under the Prospectus?	Options will also be offered under this Prospectus to certain employees of the Company (Employee Long-Term Incentive Plan (LTIP) Option Offer) and certain members of senior management as well as Non-Executive Directors (LTIP Option Purchase Offer). The terms of these Options, and details about each grant, as well as further details about applying for the Options are contained in Section 6.5 and Section 7.9.	Section 6.5, and Section 7.9														
What is the price payable for the Shares?	Successful Applicants under the Offer will pay the Offer Price, being \$1.14 per Share.	Section 7.1														
What is the proposed use of funds raised under the Offer?	<p>The Offer proceeds of \$80.0 million will be applied as follows:</p> <table border="1"> <thead> <tr> <th>USE OF FUNDS</th> <th>\$ MILLION</th> </tr> </thead> <tbody> <tr> <td>Marketing spend in Australia</td> <td>10.0</td> </tr> <tr> <td>Establish US business and acquire initial licences</td> <td>30.0</td> </tr> <tr> <td>Technology and platform development</td> <td>4.7</td> </tr> <tr> <td>Proceeds to Existing Securityholders</td> <td>30.0</td> </tr> <tr> <td>Costs of the Offer¹²</td> <td>5.3</td> </tr> <tr> <td>Total</td> <td>80.0</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> The Company will bear all the costs associated with the Offer. Offer costs includes the fees payable to advisers as referred to in Section 6.3.(a), as well as other costs such as registry fees, ASX listing fees and other adviser fees. 	USE OF FUNDS	\$ MILLION	Marketing spend in Australia	10.0	Establish US business and acquire initial licences	30.0	Technology and platform development	4.7	Proceeds to Existing Securityholders	30.0	Costs of the Offer ¹²	5.3	Total	80.0	Section 7.1
USE OF FUNDS	\$ MILLION															
Marketing spend in Australia	10.0															
Establish US business and acquire initial licences	30.0															
Technology and platform development	4.7															
Proceeds to Existing Securityholders	30.0															
Costs of the Offer ¹²	5.3															
Total	80.0															
What is the Restructure?	The Restructure will involve the Company acquiring all the Existing Securities in BlueBet Pty Ltd, such that it will become a wholly owned subsidiary of the Company. Further details about the Restructure are contained in Section 9.3.	Section 9.3														
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Retail Offer, consisting of the: <ul style="list-style-type: none"> Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; Priority Offer, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation; and the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions. 	Section 7.1														

TOPIC	SUMMARY	FOR MORE INFORMATION
Will the Shares be quoted on the ASX?	<p>The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, the ASX under the code BBT.</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>	Section 7.4 and Section 7.15
Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers are Morgans Corporate Limited and Ord Minnett Limited.	Section 7.3
What is the allocation policy?	<p>The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Company and the Joint Lead Managers.</p> <p>For Broker Firm Offer Participants, the relevant Broker will decide as to how they allocate Shares among their retail clients.</p> <p>Allocations under the Priority Offer will be at the absolute discretion of the Company and Joint Lead Managers</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Company and the Joint Lead Managers.</p>	Section 7.6, Section 7.7 and Section 7.8
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer. Details are provided in Section 7.11 and Section 9.6.	Section 7.11 and Section 9.6
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.4
What are the tax implications of investing in the Shares?	<p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.11.</p>	Section 9.11
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to Successful Applicants by post on or about Wednesday, 30 June 2021.	Section 7.4
What is the minimum Application size under the Offer?	Applicants must apply for a minimum of 1,755 Shares, representing a minimum investment of \$2,000.70.	Section 7.4, Section 7.6 and Section 7.7

TOPIC	SUMMARY	FOR MORE INFORMATION
How can I apply?	<p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Note that you must be a client of a participating Broker to participate in the Broker Firm Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in the Priority Offer Invitation.</p> <p>Institutional Offer Applicants</p> <p>The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable.</p> <p>Employee Option Offer</p> <p>Applicants under the LTIP Option Offer should follow the instructions in their personalised invitation.</p> <p>Applicants under the LTIP Option Purchase Offer should follow the instruction on their personalised invitation.</p> <p>There is no general offer to the public.</p>	Section 7.6, Section 7.7, Section 7.8 and Section 7.9
When can I sell my Shares on the ASX?	<p>Trading is expected to commence on a normal settlement basis on Friday, 2 July 2021.</p> <p>It is the responsibility of each Applicant to confirm their own holdings before trading on the ASX. Any Applicant who sells Shares before it receives an initial holding statement does so at their own risk.</p>	Section 7.4
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to Successful Applicants or bidders under Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the Offer not proceeding.</p>	Important notices
Where can I find out more information about this Prospectus or the Offer?	<p>If you have any questions in relation to the Offer, call the Company Offer Information Line on:</p> <ul style="list-style-type: none"> • 1300 068 177 (toll free within Australia); or • +61 2 8023 5416 (outside Australia); <p>between 8.30 am and 5.30 pm (Sydney time), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you have any questions about whether to invest, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p>	Important notices Key dates

BlueBet

2. INDUSTRY OVERVIEW



2. INDUSTRY OVERVIEW

MARKET REPORT: THE ONLINE SPORTS BETTING MARKET

May 2021

BlueBet Holdings Ltd (hereafter known as BlueBet or the Company) commissioned Frost & Sullivan to prepare this report to support its initial public offering (IPO) process. The report covers the online sports betting market in Australia and the United States (US), the two markets where the Company operates (in the case of Australia) or intends to operate (in the case of the US).

2.1 BACKGROUND, MARKET DEFINITIONS AND METHODOLOGY

2.1.1 Background

BlueBet is an Australian-headquartered wagering services provider (WSP) that offers wagering products on racing and a range of other sports. The Company is also intending to enter the US market on a state-by-state basis.

2.1.2 Market definitions

2.1.2.1 Sports betting

Sports betting (also referred to as sports wagering, with the two terms used synonymously in this report), is one of two forms of gambling and involves the placement of a wager on the outcome of a sporting event. For the purposes of this report, sports betting includes wagering on racing (horses, greyhounds and harness) and on all other sports, including other events deemed to be approved contingency¹ by a relevant authority (such as elections).

The other form of gambling is gaming, which involves placing a wager on an event of pure chance, or mixed skill and chance, including electronic gaming machines (EGMs), lotteries, Keno, casino games etc.

In sports betting, wagers may be placed through offline (sometimes known as land-based) or online channels (**online sports betting**). The online channel involves placing of a wager through the internet using a computer, internet-enabled mobile phone or some other connected device. This is sometimes known as interactive betting or interactive wagering. In the US, online sports betting is generally known as mobile sports betting.

2.1.2.2 Turnover/expenditure/revenue

The size of gambling markets is measured in two main ways: **turnover** (also known as the handle) is the total amount gambled, before payment of winnings, and **revenue**, which, as defined in this report, is the total amount earned (after payment of winnings) for WSPs, before payment of taxes or operating costs and equates to **expenditure** (i.e., the total amount lost) by gamblers. It is also referred to as gross gaming revenue (GGR) or gross gambling yield (GGY), defined as the amount gambled minus payment of winnings.

2.1.3 Methodology

Data provided in this report is based on publicly available data sources, including government statistics and reports, company reports and presentations, press articles and reports, and analyst reports. Market size estimates are based on data reported by WSPs, industry analysts and Frost & Sullivan's own estimations.

All financial data in the report is given in local currencies as indicated. For data in US dollars (US\$) and Pounds Sterling (£) a conversion to Australian dollars (\$) has been given based on the exchange rate as at 7 May 2021 (\$1 = US\$0.78, \$1 = £0.56)².

¹ A contingency is an approved betting event. Licensed WSPs may only accept bets on contingencies approved by the relevant authority in their jurisdiction.

² Xe.com, accessed 7 May 2021

2.2 AUSTRALIAN SPORTS BETTING MARKET

This Section describes the Australian sports betting market, including the regulatory status, market size and growth, market drivers and competitive environment.

2.2.1 Regulatory status

2.2.1.1 Legislation governing sports betting

Under Australia's constitutional system, the Australian Constitution does not expressly give the Commonwealth Government power to regulate gambling, and traditionally gambling legislation was the preserve of state and territory governments. This has resulted in different regulatory regimes in each state and territory. However, in 2001, the Commonwealth Government enacted the first federal law on gambling, the *Interactive Gambling Act 2001 (IGA)*, which prevails to the extent of any inconsistency with state or territory legislation. The development of the IGA at the federal level was due to recognition by policymakers that interactive gaming was a new type of gambling activity for which legislation at the national level was needed.

The regulation of online sports wagering is considered an expansion of the existing legal framework at state and territory level, and online wagering services are therefore still subject to state and territory legislation. Each state and territory regulates gambling activities within its respective jurisdiction. The IGA prohibits operators from providing specified interactive gambling services to residents within Australia and in other designated countries (although no other countries have yet been designated). However, the IGA does not prohibit the provision of an 'excluded wagering service' (being a service that relates to betting on racing events, sporting events or other events or contingencies in accordance with section 8A of the IGA) to persons in Australia, to the extent that the operator holds a licence in a state or territory that authorises the provision of that service in the relevant state or territory.

Interactive gambling is regulated at the federal level by the Australian Communications and Media Authority (**ACMA**), which monitors compliance with and enforces the interactive gambling laws.

In 2017, the Interactive Gambling Amendment Bill 2016 was passed. Amendments to the IGA included requiring anyone providing a regulated interactive gambling service in Australia to hold a licence under Australian state or territory laws; prohibiting 'click-to-call' in-play betting services (functionality within the service provider's app allowing an automated call to place a bet within the app); and prohibiting wagering operators from providing lines of credit either directly, or via a third party, to persons present in Australia.

Each state and territory allows the provision of a wagering service as long as the service provider has a wagering licence. However, the licensing frameworks of most states/territories only contemplate the licensing of that jurisdiction's TAB (which in most cases holds a monopoly licence) as well as on-course bookmakers. However, the Northern Territory (**NT**) licenses multiple online wagering service providers. Service providers other than TABs offering online wagering services in Australia are licensed predominantly in the NT. In the NT, online wagering licences are granted following receipt of a submission by the operator that proves that the operator is a suitable person or company to hold such a licence, and has the financial and business capacity to operate an online wagering business. Evidence is required in areas such as reputation, financial background, financial resources, business ability and management reputation. An application fee of 20,000 revenue units (currently \$24,200) is required³.

2.2.1.2 Taxation of sports betting

The legal, regulatory and taxation arrangements applicable to wagering differ by jurisdiction in Australia. Winnings from gambling are not assessable for income tax (unless the gambler operates a betting or gambling business), with taxation being paid by the wagering service provider, effectively as an operating cost.

The growth of online wagering services, particularly through service providers licensed in the NT, has led to a likely loss of wagering taxation revenue for other states and territories, which previously had been generally only collected from operators licensed in the individual state or territory on a point of supply (**POS**) basis. Consequently, all states and territories except the NT, have recently introduced POC tax arrangements, which seek to levy tax on the net wagering revenue (**NWR**)⁴ of WSPs above specific thresholds, based on the location of the bettor at the time of placing the bet.

³ NT government, accessed from <https://nt.gov.au/industry/gambling/licences/online-gaming-licence/how-to-apply>

⁴ NWR is total amount wagered minus payment of winnings and any refunds

Figure 2.1: POC taxes for sports betting, Australia, 2021

STATE/TERRITORY	POCT RATE	THRESHOLD	COMMENTS
ACT	15%	\$150,000	Effective from 1 January 2019
NSW	10%	\$1,000,000	Effective from 1 January 2019
NT		No announced plans	
QLD	15%	\$300,000	Effective from 1 October 2018
SA	15%	\$150,000	Effective from 1 July 2017
TAS	15%	\$150,000	Effective from 1 January 2020
VIC	8%	\$1,000,000	Effective from 1 January 2019. Will increase to 10% from 1 July 2021
WA	15%	\$150,000	Effective from 1 January 2019

Sources: Government websites, press release and budget papers.

2.2.2 Market size and growth

2.2.2.1 Total sports betting

Australia reportedly has the highest per capita gambling expenditure in the world, with expenditure per capita 40% ahead of the next country (Singapore) and about double the average of Western Europe⁵. In the UK, which is a similarly deregulated gambling market, in 2018–2019 gambling expenditure was £14.3 billion (\$25.5 billion) (including lotteries), compared to \$25.0 billion in Australia, despite the UK having over 2.5 times the Australian population⁶.

Approximately half of the Australian adult population (or 9.9 million individuals) gamble in a typical three-month period, with around 10.4% (or 2.1 million individuals) betting on sports⁷.

Statistics on turnover and expenditure (which equates to revenue)⁸ by gambling type in Australia are collected by the Queensland Government through the annual Australian Gambling Statistics, with data currently available up to 2018–2019 (note the Australian Gambling Statistics separates data on racing (horses and dogs) and sports betting (other sports). However, both are included within the definition of sports betting used in this report). The Australian Gambling Statistics provides data on sports betting across all channels (offline and online).

In 2018–2019, total gambling turnover was \$225.8 billion, equivalent to \$11,525 per capita. Gaming accounted for \$187.7 billion (83%) (of which EGMs were \$153.6 billion) and sports betting \$38.1 billion (17%)⁹.

Total gambling expenditure in 2018–2019 was \$25.0 billion (\$1,277 per capita). Of this, gaming accounted for \$20.5 billion (82%) (of which EGMs were \$12.7 billion), and sports betting \$4.47 billion (18%) (of which racing accounted for \$3.51 billion and other sports \$0.96 billion). However, while expenditure on racing has increased at a CAGR of 3.8% since 2000–2001, other sports (non-racing) have increased at 19.0%, with an overall CAGR in sports betting of 5.1% over this period¹⁰.

In 2018–2019, total sports betting turnover increased from \$37.4 billion to \$38.1 billion (2.6%) with continued transition from the retail channel (TABs) to online. However, total sports betting expenditure declined from \$4.78 billion to \$4.47 billion (-6.4%). This is likely to result from several factors, including the significant growth in market share of online WSPs away from the offline channel, with online WSPs generally operating at lower margins, which results in lower expenditure, as well as the introduction of POCTs in several jurisdictions during this period, which led online WSPs to reduce exposure to some larger and less profitable clients. Additionally, the amendments to the IGA, which banned WSPs from offering credit, commenced in February 2018 and are likely to have also impacted sports betting expenditure. The increasingly competitive market in online sports betting is also likely to have impacted expenditure, as online WSPs offered higher promotions/generosities and pushed for market share.

⁵ *Economist*, accessed from <https://www.economist.com/graphic-detail/2017/02/09/the-worlds-biggest-gamblers>

⁶ UK Gambling Commission, *Industry Statistics, May 2020*. Based on 2018–2019 GGY of £14.3 billion

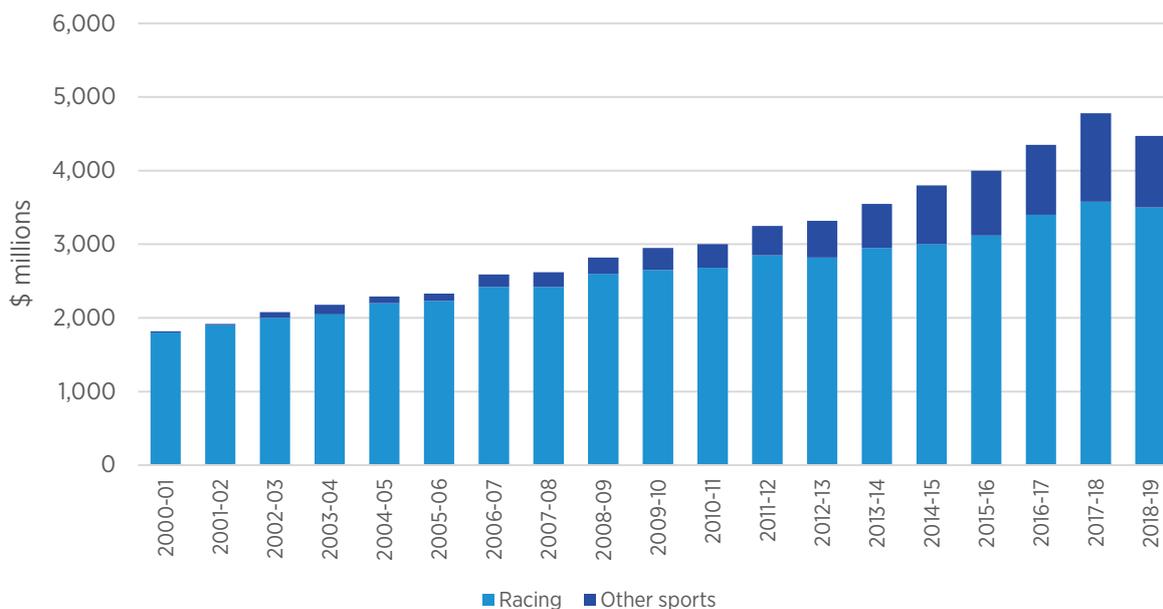
⁷ Roy Morgan, accessed from <https://www.roymorgan.com/findings/8413-online-gambling-may-2020-202005220420>

⁸ Expenditure is defined as the net amount lost or, in other words, the amount wagered less the amount won, by people who gamble. Conversely, by definition, it is the gross profit (or gross winnings) due to the operators of each form of gambling

⁹ Australian Gambling Statistics, 2018–2019, *Product Tables*

¹⁰ *Ibid*

Figure 2.2: Sports betting expenditure, Australia, 2000–2001 to 2018–2019



Source: Australian Gambling Statistics, 2018–2019, Product Tables. Expenditure includes on-course bookmakers, on-course totalisators, retail TABs and online TABs/corporate bookmakers.

Despite the decline in overall sports betting expenditure in 2018–2019, online expenditure continued to grow as described in Section 2.2.2.

2.2.2.2 Online sports betting

The Australian Gambling Statistics does not provide data on gambling expenditure by channel, and hence data specific to online gambling is not available from this source. Estimates on online sports betting expenditure have therefore been made based on information reported by market participants and Frost & Sullivan's estimations. Frost & Sullivan has also made estimations of total sports betting expenditure (offline and online) for 2019–2020 and 2020–2021.

As with many other types of products and services, over time there has been a migration to the use of the online channel for sports betting. Prior to the outbreak of COVID-19, in 2018–2019 online was estimated to account for 54% of sports betting expenditure, or approximately \$2,400 million¹¹. Research undertaken over the year to March 2020 (i.e., pre-COVID-19) indicated that 55% of individuals who wagered on sports did so online, with 54% wagering in retail outlets (some individuals did both)¹².

However, the COVID-19 pandemic from March 2020 onwards accelerated growth both in gambling overall and in online gambling as many retail wagering outlets were closed and consumers were more reluctant to leave home. Based on research conducted in October 2020, the percentage of gamblers who gambled four or more times per week increased from 23% before COVID-19 to 32% during COVID-19, with statistically significant changes in frequency of betting on racing and other sports, while frequency of gambling on EGMs decreased. Before COVID-19, 62% of gambling was undertaken online, this increased to 78% during COVID-19, with about 5% of gamblers shifting from using only land-based services to online services, and around one-third of gamblers signing up for a new online account during COVID-19¹³.

In 2019–2020, online sports betting expenditure is estimated to have reached \$3,132 million, 65% of total sports betting expenditure, and is forecast to reach \$3,859 million, or 77% of expenditure, in 2020–2021. The CAGR in online sports betting expenditure between 2016–2017 and 2020–2021 is 17.6%¹⁴.

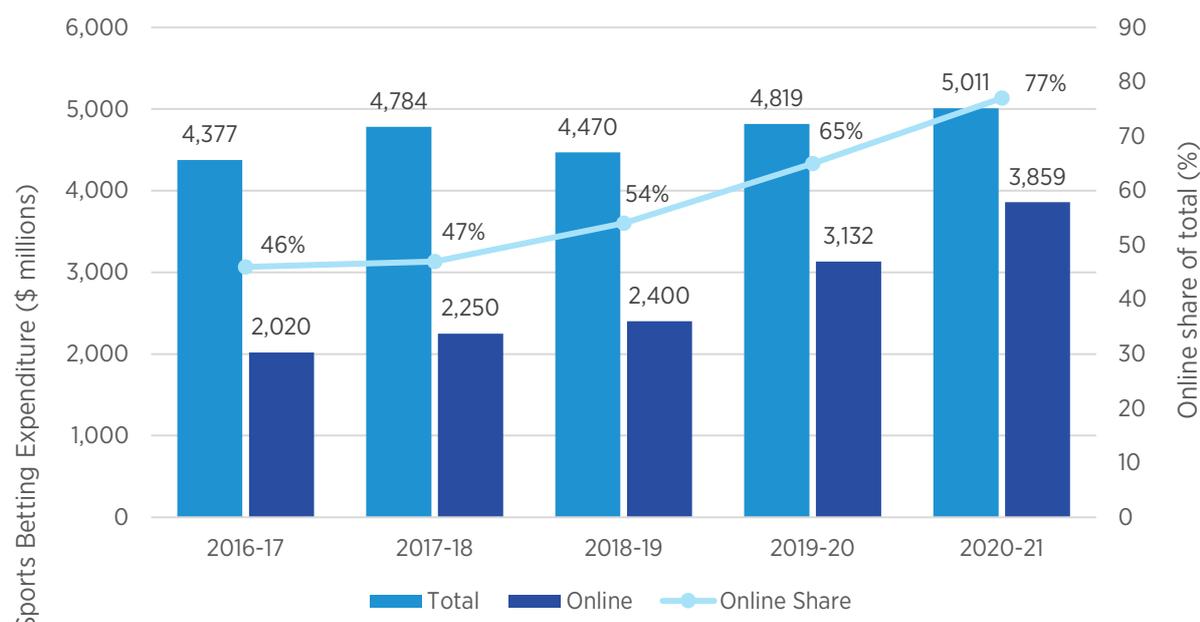
¹¹ Frost & Sullivan

¹² Roy Morgan, accessed from <https://www.roymorgan.com/findings/8413-online-gambling-may-2020-202005220420>

¹³ Australian Gambling Research Centre, *Gambling in Australia during COVID-19*, October 2020

¹⁴ Frost & Sullivan

Figure 2.3: Sports betting expenditure, total and online, 2016–2017 to 2020–2021



Source: Australian Gambling Statistics, 2018–2019; Frost & Sullivan.

2.2.3 Market drivers

In common with many other industries, the internet has become increasingly important as a transactional channel for the wagering industry. There are several factors that have contributed to this trend, including:

- increased levels of internet access;
- improved internet infrastructure;
- greater confidence in the security of the internet for transacting;
- COVID-19's acceleration of consumers transitioning from offline wagering to online;
- rapid growth in usage of internet-connected mobile devices; and
- product innovation and promotional activities by online WSPs.

These factors are described in more detail below.

Ninety-one per cent of Australian adults (approximately 17.9 million people) had an internet connection in the home at some time in 2019, an increase from 87% in 2018¹⁵. Improvements to internet infrastructure include the roll-out of the National Broadband Network (NBN), which at January 2021 connected eight million homes and businesses, compared with 6.6 million in January 2020¹⁶, as well as the introduction of 4G and 5G services by major telcos.

A major contributor to increased use of online wagering has been the growing use of smartphones. Eighty per cent of Australian adults (approximately 15.8 million adults) access the internet through a mobile device¹⁷. Increasing data allowances and plans with unlimited data also encourage internet access through smartphones.

Product innovation by online sports wagering service providers includes mobile apps that improve the user experience for consumers, and the introduction of new product features such as 'cash out' and 'cash in' which provide increased flexibility for customers to make deposits and withdrawals to/from their account. Additionally, WSPs are leveraging technologies such as artificial intelligence and analytics to personalise their offers to customers, as well as offering new types of wagers. WSPs have also actively promoted their online services through a variety of media.

Consequently, use of the internet for gambling activities is increasing, with approximately 9% of Australian adult internet users gambling online (excludes purchase of lottery tickets) in 2019 compared to 8% in 2018¹⁸.

¹⁵ Australian Communications and Media Authority (ACMA), *Communications report, 2018–2019*

¹⁶ NBN Co, accessed from <https://www.nbnco.com.au/corporate-information/about-nbn-co/updates/dashboard-january-2021>

¹⁷ ACMA, *Communications report, 2018–2019*

¹⁸ *Ibid*

2.2.4 Competitive environment

As described in Section 2.2.1, each state and territory allows the provision of a wagering service as long as the service provider has a wagering licence. However, the licensing frameworks of most states/territories only contemplate the licensing of that jurisdiction's TAB (which in most cases holds a monopoly licence) as well as on-course bookmakers. However, the NT licenses multiple online wagering service providers. A sports betting operator that is licensed in one state or territory is permitted to offer services across all other states and territories (subject to any specific statutory restrictions that may apply), with the case *Betfair Pty Limited v Western Australia [2008]* confirming that the placing of restrictions in one jurisdiction on a service provider licensed in another contravened section 92 of the Australian Constitution.

TABs were originally government owned. However, most states/territories have privatised their TABs, with Tabcorp Holdings now the monopoly operator of retail TABs under long licences in all states/territories except WA, where the TAB is still government owned (a privatisation process was placed on hold in 2020 given the impact of COVID-19). Tabcorp is a diversified gambling entertainment group with three businesses: lotteries and Keno, wagering and media and gaming services. its wagering and media business offers retail sports betting through approximately 4,000 TAB outlets across Australia, except WA. The company also offers online sports betting through its tabcorp.com.au platform. In 2019, Tabcorp estimated it had 57% of Australian sports betting revenue¹⁹. However, this share is declining in favour of specialist online WSPs as the online channel takes an increasing share of industry revenue.

Market participants in online sports wagering in Australia can be categorised into two main groups: TABs and corporate bookmakers (such as Sportsbet, Ladbrokes, bet365 etc.). Over recent years, several large global WSPs have entered the Australian market and a number of locally based companies have launched and/or expanded their offerings. A summary of corporate transactions is given below.

Figure 2.4: Corporate transactions involving WSPs, Australia, 2018–2020

YEAR	INVESTEES	INVESTOR	CONSIDERATION	COMMENTS
2018	Neds	Ladbrokes	Up to \$95 million	
2018	William Hill	CrownBet	\$300 million	Acquisition of Australian business of William Hill
2018	CrownBet	Stars Group	80% stake acquired in 2018 for \$150 million	CrownBet and William Hill rebranded as BetEasy
2020	BetEasy	Flutter Entertainment	N/A	Flutter merged with Stars Group and rolled BetEasy brand into Sportsbet

Sources: company announcements and press commentary.

¹⁹ Tabcorp, 2019 Macquarie Conference Presentation

As at March 2021, there were 39 licensed interactive WSPs, of which 26 were licensed in the NT, with eight TABs licensed in their home jurisdictions, and five WSPs licensed in NSW or Victoria²⁰. The main WSPs operating in Australia are listed below.

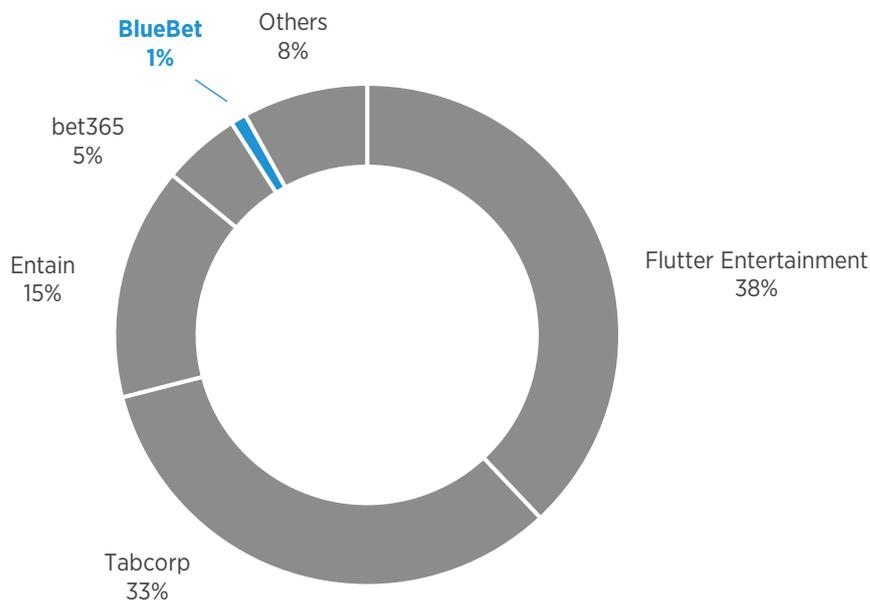
Figure 2.5: Main wagering services providers, Australia, 2021

COMPANY (HEADQUARTERS)	WAGERING BRANDS	COMMENTS
Tabcorp (Australia)	TAB, Tab.com.au	Wagering revenue of \$2,084 million in FY20. 50% of wagering turnover through digital channels, this grew to 61% in 1H FY21
Flutter Entertainment (Ireland)	Sportsbet	Australian revenue of £1,075 million (\$1,920 million) in FY20
Entain (UK) (formerly GVC)	Ladbrokes, Neds	Estimated Australian revenue of £263 million (\$470 million) in FY20
Bet365 (UK)	bet365	Australian revenue of \$147 million in FY20
PointsBet (Australia)	PointsBet	Australian net revenue of \$68 million in FY20
Racing and Wagering Western Australia (RWAA) (Australia) (WA TAB)	TAB, PubTAB, TABTouch	Total wagering revenue of \$310 million in FY20. Claimed 39% market share of digital wagering in WA

Sources: company websites, presentations and reports. Note UK/Ireland-based companies report on financial years ended 31 December.

The estimated market shares by revenue of major participants in the online sports betting market in 2019–2020 are indicated below. This is based on reported company revenues and estimations by Frost & Sullivan. In 2019–2020, BlueBet's market share of online sports betting revenue was estimated at 0.7%, and in calendar year 2020 is estimated to have increased to approximately 1.2%²¹.

Figure 2.6: Online sports betting, market shares by Revenue, Australia, 2019–2020



Source: company data and Frost & Sullivan estimates. Others include PointsBet, WA TAB, PlayUp, Palmer Bet etc.

²⁰ ACMA, register of licensed interactive gaming providers, accessed March 2021

²¹ Frost & Sullivan

2.3 US SPORTS BETTING MARKET

This Section describes the US sports betting market. Following recent regulatory change, the US market for sports betting is growing significantly as individual states introduce legislation, legalising the activity. This has led to the introduction of sports wagering services, both through physical retail outlets (in casinos, retail premises, racecourses, etc.) and online channels (in states where online sports betting is legalised). Current regulation permits service providers to only operate intrastate. As the majority of online sports betting occurs on a mobile device, online sports betting is generally referred to as **mobile sports betting** in the US.

The potential of the US sports betting market is determined by the number of individual states that ultimately legalise the activity, as well as the restrictions around it (e.g. whether mobile sports betting is allowed and, if so, whether a mobile sports betting account can only be opened in person). Industry analysts have developed a number of forecasts for the US sports betting market, using various assumptions about the number of states that legalise the activity and the nature of the regulatory regime.

2.3.1 Historic regulations

Individual game sports betting in the USA had been effectively illegal following the passage of the *Professional and Amateur Sports Protection Act* of 1992. PASPA made it unlawful for a state to sponsor, operate, advertise, promote, license or authorise sports betting, and for private individuals to do the same if done pursuant to the law or agreement of the state, except in states where sports betting was legal at the time the law was enacted (1992), or which legalised sports betting within a year of that date. Four states qualified under this exemption, primarily Nevada, which was the only state where true sports betting was allowed (there were also limited exemptions in Oregon, Delaware and Montana).

Following a legal challenge by the State of New Jersey, in May 2018, the US Supreme Court declared that PASPA was unconstitutional, allowing individual states to decide whether to legalise sports betting. Following this, a number of states have legalised sports betting and commercial services have been launched. A major driver has been the opportunity to boost state revenues through levying of gambling taxes.

It should be noted that the striking down of PASPA only allows intrastate sports wagering schemes to operate. Interstate schemes are prohibited under the *1961 Federal Wire Act* (previously the *Interstate Wire Act*) that prohibits any person from using wire communication in interstate or foreign communication of bets or wagers or information assisting in the placing of bets or wagers.

Pari-mutuel betting (pool betting) on horse racing, dog racing and jai alai (a pelota-like game played with large racquets) was exempted from the restrictions imposed by PASPA. Over recent years, the total turnover from pari-mutuel wagering on horse racing in the US has remained roughly stable at around US\$10-11 billion (\$12.8-14.1 billion) per year²². Interstate pari-mutuel wagering on horse racing is also exempted from the restrictions on interstate wagering from the *1961 Federal Wire Act* as a result of the *1978 Horse Racing Act*²³. This act authorised interstate wagering on horse racing, including the use of simulcasting (broadcasting of races to gambling venues other than the racetrack). Consequently, licensees in one state are able to offer services to residents of other states where pari-mutuel wagering is legal. Pari-mutuel betting on horse racing, dog racing and jai alai is excluded from the definition of sports betting as used in this report.

The act of sports betting itself was not made illegal under PASPA. This had led to an offshore and illegal onshore sports betting market in the US. Although there is no reliable data on the size of this market, one analyst estimates annual turnover of US\$70 billion (\$89.7 billion) in illegal sports betting, with US\$3.5 billion (\$4.49 billion) in revenue²⁴. Legalisation of sports betting is likely to result in a significant switch of wagering revenue from illegal and offshore operators to legal and onshore operators.

Further regulation that applies to online gambling is the *Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA)*. This act 'prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the internet and that is unlawful under any federal or state law' (fantasy sports, online lotteries and betting on horse/harness racing were excluded from these restrictions)²⁵. The UIGEA allows the processing of payments for legal online gambling activities and once a state has provided a legal framework, the UIGEA will no longer apply to the gambling activities legalised in that framework.

²² Equibase, *Thoroughbred Racing Indicators*, accessed from <http://www.equibase.com/news/11pressarchive.cfm>

²³ US Code, *interstate horse racing*, accessed from <https://uscode.house.gov/view.xhtml?path=/prelim@title15/chapter57&edition=prelim>

²⁴ Eilers & Krejcik Gaming, *Legal Sports Betting, Defining the US Opportunity*, April 2019

²⁵ *Examination Handbook Section 770. US Treasury Department*

2.3.2 Recent and expected regulatory change

Following the Supreme Court decision to overturn PASPA, individual states moved to legislate to allow sports betting. But even prior to the decision several states had already begun to move towards enacting legislation that would permit sports betting in one form or another in the event PASPA was overturned, including New Jersey, Delaware, West Virginia and Mississippi. State-based legislation may include legalisation of land-based (offline) as well as mobile sports betting, with a variety of taxation arrangements in place in each jurisdiction.

As at February 2021, sports betting services have been commercially launched in 19 states plus the District of Columbia, with a cumulative population of approximately 115 million (approximately 35% of the US population). One additional state (North Carolina) has legalised sports betting, although services are yet to be commercially launched (as at February 2021), and in Louisiana, Maryland and South Dakota, measures permitting sports betting have been approved by voters but have yet to be implemented.

In some states, sports betting is legalised within tribal casinos (Washington, New Mexico). In states, (such as California, Florida, Kansas and Oklahoma), a regulatory process is ongoing, with market analysts generally anticipating sports betting to be legalised in up to 37 or 38 states by 2025²⁶. By the end of 2020, 15 jurisdictions had legalised mobile sports betting, with services having been commercially launched in 14.

Figure 2.7: States with legalised sports betting, US, February 2021

STATE	POPULATION (MILLIONS)	COMMENTS	MOBILE SPORTS BETTING PERMITTED?
Nevada	3.0	Legalised sports betting in 1931, and benefited from grandfathering clause in PASPA	Yes
Delaware	1.0	Previously partially exempted from PASPA, single-betting games were legalised in June 2018	No
New Jersey	9.0	Legalised from June 2018, for both offline and mobile channels	Yes
Mississippi	3.0	In-person sports betting legalised from August 2018	No (unless the participant is physically within a licensed casino)
West Virginia	1.8	Available from September 2018	Yes
Pennsylvania	12.8	Available from November 2018	Yes
Rhode Island	1.0	Available from November 2018	Yes
New York	19.5	Available from July 2019	No (unless the participant is physically within a licensed casino)
Arkansas	3.0	Available from July 2019	No
New Hampshire	1.4	Available from July 2019	Yes
Iowa	3.1	Available from August 2019	Yes
Indiana	6.7	Available from September 2019	Yes
Oregon	4.3	Available from October 2019	Yes
Montana	1.1	Available from March 2020	No (unless the participant is physically located in a retail sports betting outlet)
Michigan	10.0	Available from March 2020 (in casinos only)	Yes

²⁶ For example, William Hill, Financial results presentation, 2020

STATE	POPULATION (MILLIONS)	COMMENTS	MOBILE SPORTS BETTING PERMITTED?
Illinois	12.7	Available from March 2020	Yes
Colorado	5.8	Available from May 2020	Yes
District of Columbia	0.7	Available from May 2020	Yes
Tennessee	6.9	Available from November 2020	Yes
Virginia	8.6	Available from January 2021	Yes

Source: *Legal Sports Report*, accessed from <https://www.legalsportsreport.com/sportsbetting-bill-tracker> (excludes New Mexico and Washington where sports betting is only permitted in tribal casinos); *World Atlas*, accessed from <https://www.worldatlas.com/articles/us-states-by-population.html>

2.3.3 Taxation of sports betting

In the US, winnings from gambling are fully taxable and must be included in an individual's tax return (losses up to the value of winnings can be deducted if itemised). Typically, for gambling winnings over US\$5,000, the service provider deducts a withholding tax of 24%.

A federal excise tax on sports wagers (legal and illegal) was introduced in 1954, originally set at 10% but reduced to 0.25% in 1983 for legal wagers. This is payable by the wagering service provider as a percentage of the turnover.

As part of the legalisation of sports betting, individual states are also introducing taxes (the potential for sports betting to provide additional revenue to states was the major reason for the challenge to PASPA). For example, in New Jersey gross revenue from casino sports pool operations, including mobile operations, is subject to an 8.5% annual tax and gross revenue from casino online sports pool operations is subject to a 13% annual tax, with the proceeds going to the Casino Revenue Fund. Additionally, an investment alternative tax of 1.25% is levied and used exclusively for tourism and marketing programs for the City of Atlantic City. West Virginia has introduced a sports wagering tax of 10% of NWR, Mississippi 12%, and states such as Delaware, Pennsylvania and Rhode Island operate revenue-sharing arrangements on the NWR of licensed operators. Taxes in Nevada are 6.75% on gross gaming win (the equivalent of NWR). In Iowa, taxes are 6.75% of NWR. In New York, the tax rate is 8.5%.

2.3.4 Market drivers

The US market has similar potential to Australia for take-up of sports wagering. A further market driver in the US is the potential for conversion of bettors currently using illegal service providers to switch to legal providers once these services are available. One analyst estimates that 14 million Americans undertake illegal sports betting in any given year, with 56% of these individuals reporting that they would make over 75% of their bets through legal/regulated channels if these were available. Total illegal sports wagering revenue is estimated at US\$3.5 billion (\$4.88 billion) annually²⁷.

The potential for growth, particularly in mobile wagering is likely to be strong given the US has similar levels of online access to Australia. 90% of Americans use the internet and 81% use a smartphone, representing similar adoption levels to Australia²⁸.

Another market driver is likely to be the significant number of Americans already participating in online sporting contests analogous to sports betting through daily fantasy sports (**DFS**). DFS are fantasy sports tournament-style events held over a short time period, often only one day. While DFS events can be held on a free-to-enter basis, they generally involve an entry fee for participants. The entry fee is allocated largely to the prize pool for the competition. DFS organisers derive revenue from taking a service fee as a percentage of the entry fee (sometimes known as the hold rate), which typically averages 8–10% of total entry fees. In 2018, total entry fees for DFS in the US was approximately US\$3.5 billion, with revenue for service providers of approximately US\$410 million²⁹.

Existing DFS players are 3.5 times more likely to bet on sports compared to non-DFS players, with around 80% claiming to bet at least once a month³⁰. Based on a 2019 survey, 19% of the US adult population (45.9 million individuals) have participated in fantasy sports in the past 12 months, and 19% have also wagered on a sporting event over the same time period. Participation in fantasy sports has increased from around 6% of the adult population (13.3 million individuals) in 2007.

²⁷ Eilers & Krejcik Gaming, *Legal Sports Betting, Defining the US Opportunity*, April 2019

²⁸ Pew Research Center, *fact sheets*, accessed March 2021

²⁹ Paddy Power Betfair, *US Market Overview*, March 2019

³⁰ Paddy Power Betfair, *US Market Overview*, March 2019

There is significant cross over between these two groups, with 78% of fantasy sports players having also bet on a sporting event in the past 12 months, most commonly American football (NFL) (49%), baseball (32%) and basketball (NBA) (32%). Similarly, 75% of sports bettors also play fantasy sports, most commonly NFL (58%), baseball (33%) and NBA (17%)³¹. This provides a strong opportunity for market participants with both sports betting and fantasy sports offerings to market services to both groups, as indicated by the leadership in sports betting of the dominant DFS brands, DraftKings and FanDuel, which were the two largest providers by revenue in the US market in 2020 (see Section 2.3.5).

2.3.5 Market entrants and business models

Licences to offer sports betting in the US have so far largely been restricted to existing gambling licence holders (such as casino and racetrack operators), who may enter into partnership agreements with WSPs to gain access to sports betting expertise, technology and global brands. Many of the major global WSPs have entered the US market via partnerships with gambling licence holders, providing technology, and in some cases their brands.

Additionally, the major fantasy sports providers in the US have expanded their service offering into sports betting (FanDuel has been acquired by Flutter Entertainment and DraftKings has partnered with technology provider SB Tech).

Figure 2.8: Main wagering services providers, US, 2021

COMPANY (HEADQUARTERS)	BRAND(S)	COMMENTS
bet365 (UK)	bet365	Entered US market in 2019 via partnership with Atlantic City's Hard Rock Hotel & Casino
DraftKings (US)	DraftKings	Fantasy sports provider that started offering sports betting in 2018 in combination with technology provider SB Tech, as well as iGaming. Total revenue of US\$614 million (\$787 million) in FY20
Entain (UK)	BetMGM	Formed joint venture with MGM in 2018. Has access to 51% of US population in states where legislation has been enacted, or is in progress
Flutter Entertainment (Ireland)	FanDuel	Acquired fantasy games provider FanDuel to provide access to US customer base and brand between 2018 and 2020. US sports betting revenue of £458 million (\$818 million) in FY20
William Hill (UK)	William Hill, Caesars	US revenue of £155 million (\$277 million) in FY20. Active in 14 states

Source: company reports and presentations.

³¹ Fantasy Sports and Gaming Association (FSGA), *Understanding the National Fantasy/Sport Betting Market*, June 2019

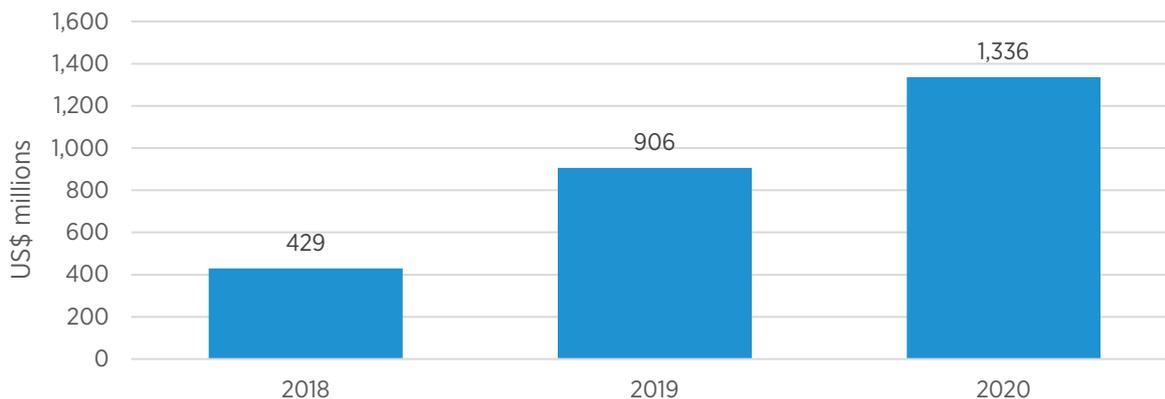
2.3.6 Actual and potential market size

2.3.6.1 Historic sports betting revenue

In 2018, the first year commercial sports betting services were available outside Nevada, sports betting revenue in the US was US\$429 million (\$550 million), with Nevada accounting for 70%. Commercial services were introduced in New Jersey, Delaware, Mississippi, Rhode Island, Pennsylvania and West Virginia during the course of that year.

In 2019, revenue reached US\$906 million (\$1,162 million) as commercial services were introduced in several more states including Arkansas, Indiana, Iowa and New York. In 2020, revenue reached US\$1,336 million (\$1,712 million), with commercial services available in 18 states plus DC by the end of 2020 and mobile sports betting available in 14 of these jurisdictions³².

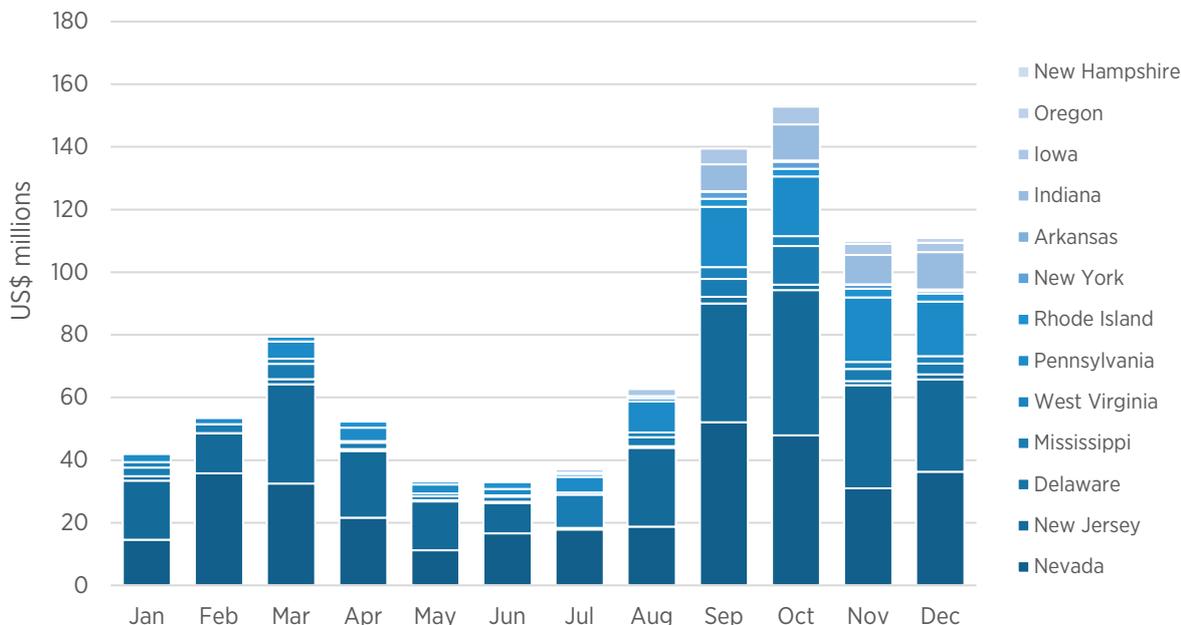
Figure 2.9: Sports betting revenue, US, 2018–2020



Source: UNLV, Center for Gaming Research, United States Sports Betting, Monthly and Year-to-date Revenue Results from states. Includes offline and online revenue.

In 2019, sports betting revenue peaked in October reflecting the sporting calendar (particularly the start of the US football season).

Figure 2.10: Sports betting revenue by state by month, US, 2019

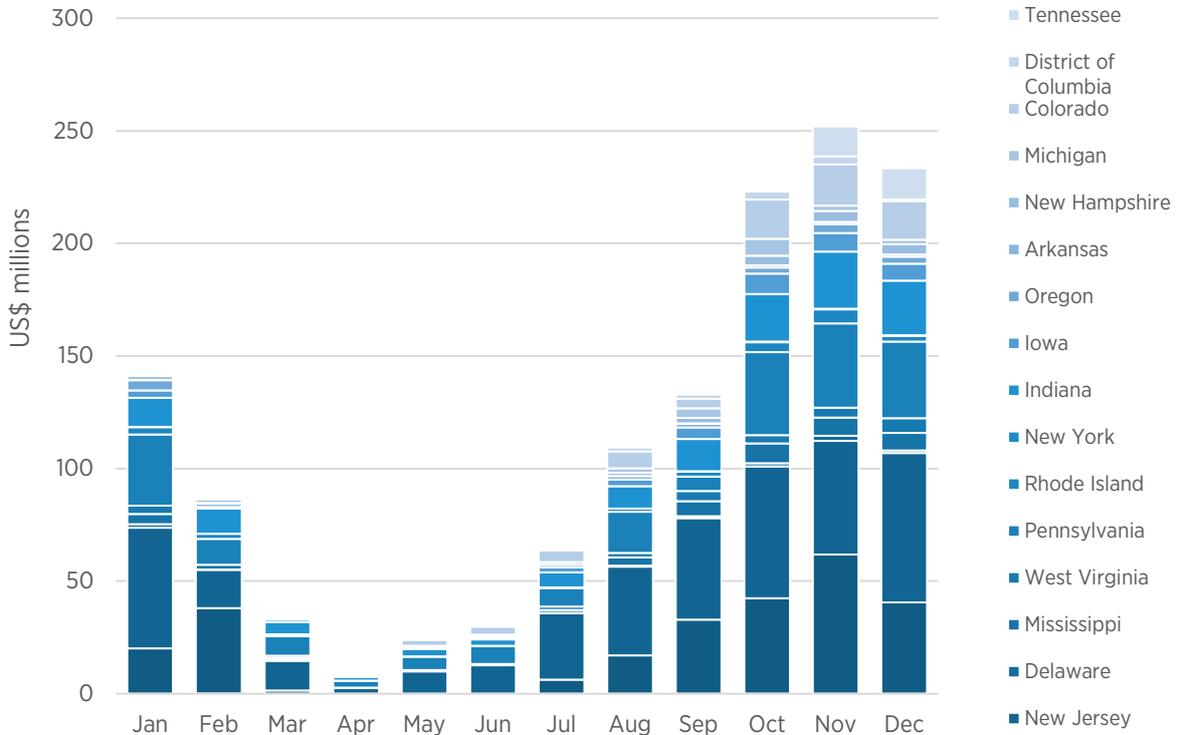


Source: UNLV, Center for Gaming Research, United States Sports Betting, Monthly and Year-to-date Revenue Results from states. Includes offline and online revenue.

³² UNLV, Center for Gaming Research, United States Sports Betting, Monthly and Year-to-date Revenue Results from states.

In 2020, sports betting was impacted by the COVID-19 pandemic, which caused disruptions to most professional sports. Consequently, sports betting revenues declined significantly in the period March to June 2020 when compared to 2019, despite sports betting being available in several more jurisdictions. A recovery began in July 2020, and by the last quarter of 2020 revenues were approximately double the 2019 level.

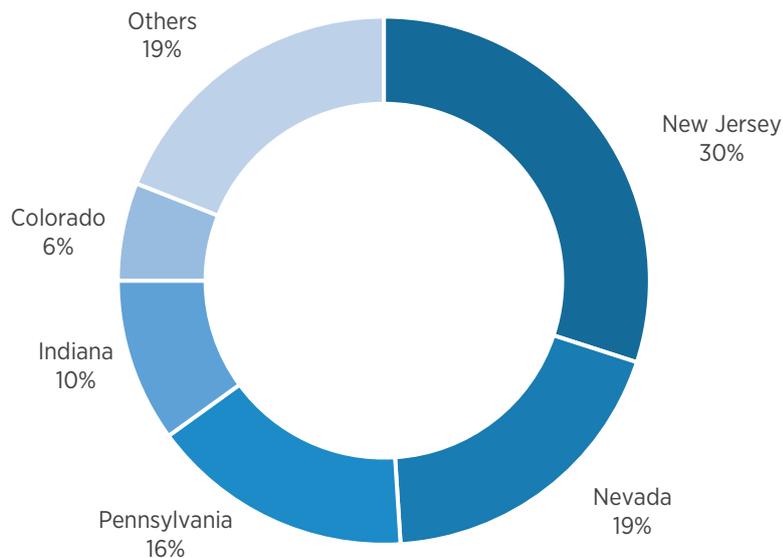
Figure 2.11: Sports betting revenue by state by month, US, 2020



Source: UNLV, Center for Gaming Research, United States Sports Betting, Monthly and Year-to-date Revenue Results from states.

In 2020, the four largest states for sports betting revenues were New Jersey, Nevada, Pennsylvania and Indiana, which cumulatively accounted for 75% of total US sports betting revenue.

Figure 2.12: Sports betting revenue share by state, US, 2020

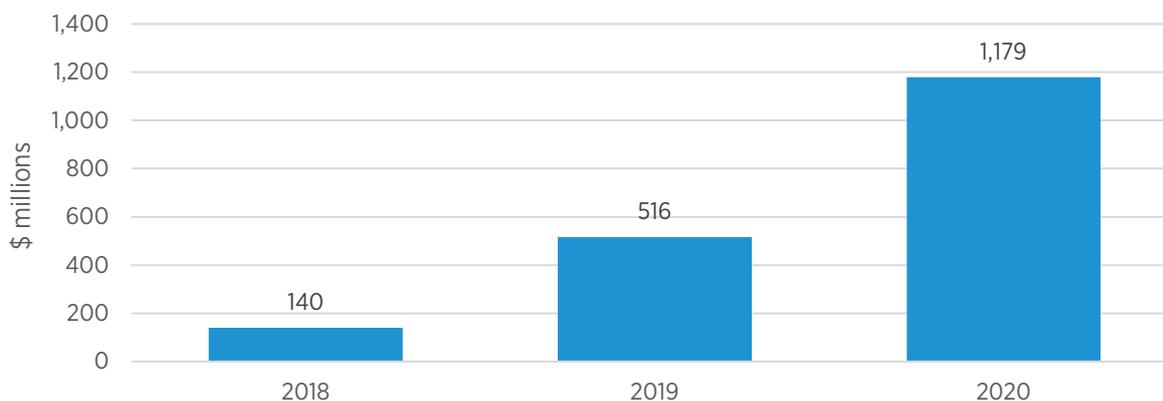


Source: UNLV, Center for Gaming Research, United States Sports Betting, Monthly and Year-to-date Revenue Results from states.

Information specifically on mobile sports betting is not released by every jurisdiction, however in states where mobile sports betting is legalised it accounts for the vast majority of industry revenue, as indicated by its share in the major states for sports betting. For example, in New Jersey, online sports wagering accounted for 92% of industry turnover in 2020³³, and 89% in Pennsylvania (seven months to January 2021)³⁴. In Nevada, where offline sports betting is traditional and new mobile betting accounts currently need to be opened in person, mobile accounted for 45% of turnover in 2020³⁵.

In 2019, mobile sports betting revenue across the US was estimated to account for 57% of total revenue, but by 2020 this is estimated to have increased to as high as 90%³⁶. Online penetration in the US is higher than Australia as the US lacks the network of retail sports betting venues that exists in Australia.

Figure 2.13: Mobile sports betting revenue, US, 2018–2020



Source: Frost & Sullivan.

2.3.6.2 Forecast sports betting revenue

Although sports betting has been legalised in 19 states plus DC (as at March 2021)³⁷, and a legalisation process is pending in several others, there remains uncertainty over whether and when other states will legalise sports betting, and the nature of that legalisation (e.g. whether mobile sports betting will be allowed and whether in-person registration is required).

Given this uncertainty, market analysts have tended to develop forecasts under differing regulatory scenarios, using assumptions on which states will legalise sports betting, and the channels permitted under that legalisation. One industry participant estimates that if all 50 states of the US fully legalise sports betting, including through mobile channels, the US sports betting market (across all channels) would be worth at least US\$22 billion (\$28.2 billion) in revenue. This estimate is based on projecting data from New Jersey to the entire US³⁸. This is almost 30 times larger than the Australian sports betting market in 2018–2019, if racing is excluded³⁹.

However, as full legalisation across all 50 states is unlikely, the actual market size is therefore likely to be smaller. Analysts are variously forecasting that by 2025, the US market will be US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion), based on differing assumptions about the states where sports betting will be legalised by that date and the average spend per adult.

³³ New Jersey Division of Gaming Enforcement, 2020 Total Gaming Revenue Results, accessed from <https://www.nj.gov/oag/ge/docs/Financials/PressRel2020/December2020.pdf>

³⁴ Pennsylvania Gaming Control Board, Monthly Sports Wagering Report, 2020/21

³⁵ Nevada Gaming Control Board, Monthly Revenue Report, December 2020

³⁶ Frost & Sullivan estimates

³⁷ Excludes New Mexico and Washington

³⁸ DraftKings Investor Day, March 2021

³⁹ Based on Australian sports betting revenue of \$0.96 billion (Australian Gambling Statistics, 2018–2019)

Figure 2.14: Sports betting market forecasts, US, 2025

ANALYST/COMPANY	FORECAST	ASSUMPTIONS
Flutter Entertainment	US\$12.2 billion	65% of US population has access to sports betting
Morgan Stanley (base case)	US\$8.5 billion	Legal in 38 states, 224 million population, \$38 spend per adult
Entain	US\$13.5 billion	Legal in 38 states, 224 million population, \$60 spend per adult

Sources: Flutter Entertainment, Preliminary results, 2020; Morgan Stanley, All in on best-of-breed sports betting (2020); GVC Holdings (Entain), 2020 interim results.

2.3.7 Target states

This Section describes the current regulatory and market situation in the five states that BlueBet is initially targeting.

2.3.7.1 Colorado

The situation in Colorado is summarised below.

Figure 2.15: Sports betting snapshot, Colorado, 2021

POPULATION	GAMBLING INDUSTRY	SPORTS BETTING LEGALISATION	SPORTS BETTING REVENUE (2020)	POTENTIAL SPORTS BETTING REVENUE
5.8 million	33 operating casinos Gambling revenue US\$560 million	Legalised from May 2020. 19 online sports betting licensees and 17 retail licensees	US\$76 million	US\$271 million

Source: Colorado Department of Revenue; Frost & Sullivan. Potential sports betting revenue assumes annual spend of \$60 per adult⁴⁰.

Sports betting became legal in Colorado from 1 May 2020. Currently there are 19 online sports betting licensees and 17 retail licensees. By December 2020, sports betting revenue reached US\$76 million. Online accounted for 98% of sports betting revenue in January 2021⁴¹.

2.3.7.2 Iowa

The situation in Iowa is summarised below.

Figure 2.16: Sports betting snapshot, Iowa, 2021

POPULATION	GAMBLING INDUSTRY	SPORTS BETTING LEGALISATION	SPORTS BETTING REVENUE (2020)	POTENTIAL SPORTS BETTING REVENUE
3.1 million	18 casinos, 1 casino/ racetrack, 1 dog racing track Total gambling revenue US\$1.17 billion	Legalised from August 2019. All 19 casinos have sports betting licences	US\$41.5 million	US\$145 million

Sources: Iowa Gaming and Racing Commission; Frost & Sullivan. Potential sports betting revenue assumes annual spend of \$60 per adult.

Iowa has an existing legalised gaming industry with 18 operating casinos one casino/racetrack and one dog racing track. Sports betting in Iowa was legalised in May 2019 and became available from August 2019. As at February 2021, the 19 casinos all offer sports betting. Online accounted for 77% of sports betting revenue in February 2021⁴².

⁴⁰ Entain, 2020 Preliminary results presentation

⁴¹ Colorado Department of Revenue, Sports Betting Monthly Proceeds Reports

⁴² Iowa Gaming and Racing Commission, Sports Betting Revenue reports

2.3.7.3 Maryland

The situation in Maryland is summarised below.

Figure 2.17: Sports betting snapshot, Maryland, 2021

POPULATION	GAMBLING INDUSTRY	SPORTS BETTING LEGALISATION	SPORTS BETTING REVENUE (2020)	POTENTIAL SPORTS BETTING REVENUE
6.0 million	6 operating casinos Gambling revenue US\$1.22 billion	Legalisation approved by voters in November 2020 referendum, however, implementation yet to occur	N/A	US\$281 million

Source: Maryland Lottery & Gaming; Frost & Sullivan. Potential sports betting revenue assumes annual spend of \$60 per adult.

Maryland has an existing gambling industry that includes six casinos. In a referendum in November 2020, Maryland voters approved a measure to legalise sports betting. In March 2021, Maryland House of Delegates approved a plan to legalise sports betting, and the measure was sent to the Maryland Senate for consideration. The measure includes provision for the issuance of up to 15 licences for online sports betting.

2.3.7.4 Tennessee

The situation in Tennessee is summarised below.

Figure 2.18: Sports betting snapshot, Tennessee, 2021

POPULATION	GAMBLING INDUSTRY	SPORTS BETTING LEGALISATION	SPORTS BETTING REVENUE (2020)	POTENTIAL SPORTS BETTING REVENUE
6.9 million	No operating casinos or racetracks	Legalised from November 2020, currently 7 licensees	US\$26 million	US\$323 million

Source: Tennessee Lottery; Frost & Sullivan. Potential sports betting revenue assumes annual spend of \$60 per adult.

Sports betting in Tennessee was legalised in 2019, however following delays by the governor in signing the bill into law, it was only introduced in November 2020. As at March 2021, there are seven licensees for sports betting.

2.3.7.5 Virginia

The situation in Virginia is summarised below.

Figure 2.19: Sports betting snapshot, Virginia, 2021

POPULATION	GAMBLING INDUSTRY	SPORTS BETTING LEGALISATION	SPORTS BETTING REVENUE (2020)	POTENTIAL SPORTS BETTING REVENUE
8.6 million	No current operating casinos (although a legalisation process is underway), two horse racing/harness tracks	Legalised from April 2020, currently 10 licensees	N/A	US\$402 million

Source: Virginia Lottery; Frost & Sullivan. Potential sports betting revenue assumes annual spend of \$60 per adult.

Sports betting in Virginia was legalised in April 2020, with services launched in January 2021. Currently there are 10 licensees.

2.4. CONCLUSION

A comparison of the Australian and US sports betting markets is given below.

Figure 2.20: Sports betting market snapshot, Australia and US, 2021

	AUSTRALIA	US
Regulatory Status	Legal in all states/territories subject to licence	Evolving – currently available in 20 jurisdictions
Regulator	State/territory commissions	State gaming commissions
Sports Betting Revenue	\$5.0 billion (forecast 2020–2021)	US\$1,336 million (\$1,712 million) (actual 2020)
Online Share	77% (forecast 2020–2021)	~90% (estimated 2020)
Taxation	Varies, up to 15% of NWR	Varies

Source: Frost & Sullivan.

On a per capita basis, Australia is the world's largest gambling market with per capita gambling expenditure 40% ahead of the next highest country and double that of the UK. While gaming (primarily through EGMs) accounts for the majority of gambling turnover and revenue (83% of gambling turnover and 82% of expenditure), the fastest growth in recent years has been in sports betting, and particularly wagering on other sports (excluding racing). In 2018–2019, total sports betting expenditure (including racing and other sports) was \$4.47 billion⁴³, and is forecast to reach \$5.0 billion in 2020–2021⁴⁴.

In common with many other products and services, sports betting is rapidly migrating to the online channel, a trend that has been significantly accelerated by the COVID-19 pandemic. This results from a number of factors, including increased use of smartphones, improved internet infrastructure and product innovation and promotional activities by WSPs. In 2019–2020, 65% of industry revenue was estimated to have been generated through the online channel, and in 2020–2021 this is anticipated to reach 77%. Accordingly, the Australian market has attracted the interest of several global WSPs, including Entain, Flutter Entertainment and bet365 to compete against the main incumbent Tabcorp, as well stimulating the emergence of domestic WSPs such as BlueBet and PointsBet.

Sports betting is a rapidly growing market in the US, following the 2018 repeal of PASPA. The industry is growing as states legalise sports betting and WSPs establish and promote their services. While the US market in 2020 was smaller than Australia, it has significant growth potential, with the market revenue in 2025 variously forecast at US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion)⁴⁵. Many overseas WSPs have entered the US market in partnership with local licensees to benefit from this opportunity. As with Australia, the online channel is dominating sports betting in the US.

2.5. DISCLOSURE

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in the Company and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors that may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's licence or financial services license. This report does not constitute advice in respect of the IPO.

⁴³ Australian Gambling Statistics, 2018–2019

⁴⁴ Frost & Sullivan

⁴⁵ Frost & Sullivan

BlueBet

3. COMPANY OVERVIEW



3. COMPANY OVERVIEW

3.1 INTRODUCTION TO BLUEBET

3.1.1 Overview

BlueBet is a profitable, debt-free, Australian wagering operator, which has been self-funded since its establishment in 2015 and has a track record of strong growth.

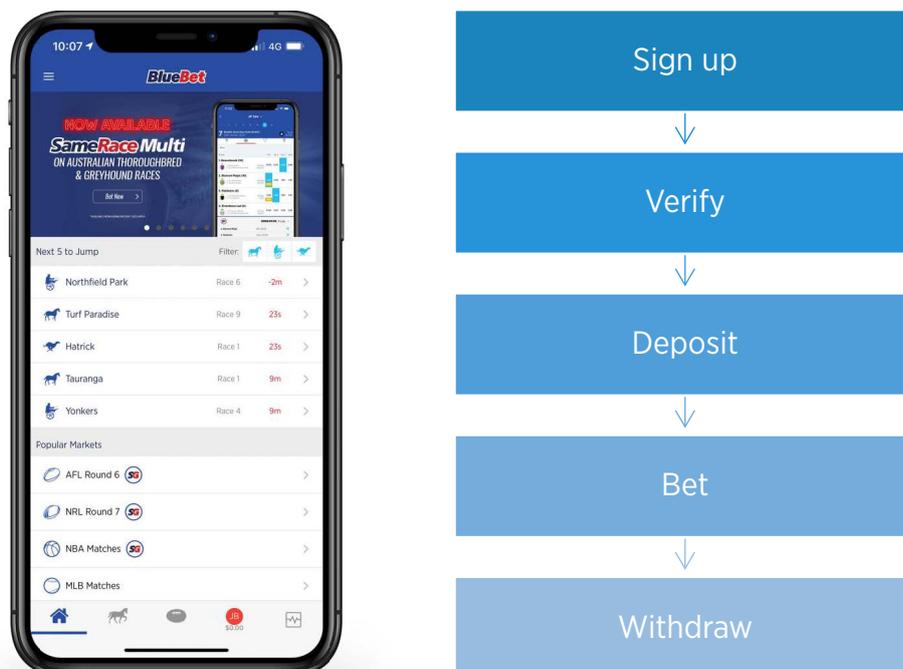
BlueBet is powered by a scalable, cloud-based technology platform, which has been materially customised and enhanced by the Company to focus on providing customers with the best experience possible. BlueBet has developed its customer-facing technology platform, website and native apps with a mobile-first strategy, to deliver a premium mobile experience to the customer.

BlueBet's control of the technology platform, website and native apps allows for agile and dynamic product development and innovation and provides management with total control over the product road map of the business.

Management believes the mobile-first strategy from both a product and marketing experience has been, and continues to be, a major factor in BlueBet producing strong key performance metrics in CY20 including:

- 10.7% Net Win margin;
- Cost per First-Time Depositor of \$170;
- Average Annual Customer Value of 6.6x the Cost per First-Time Depositor;
- Bet Count +107.5% from 2.5 million in CY19 to 5.1 million;
- Net Win +137.8% from \$12.0 million in CY19 to \$28.5 million; and
- EBITDA margin of 26.1%.

Figure 3.1: Wagering with BlueBet



BlueBet offers a wide range of traditional wagering products as well as more innovative products, such as Exotics, Same Game Multis and Same Race Multis (refer to Section 3.2.1 below for more information about these products). These more innovative products offer higher margins to BlueBet when compared to the traditional, higher-volume product range such as win-only markets.

The Company is led by an experienced Board and senior management team, with several key executives having held senior management and leadership positions with well-known wagering and gaming companies including Sportingbet, Centrebet and Aristocrat. The Company is well positioned to draw upon this industry experience to execute on its dual-growth strategy (described in more detail below in Section 3.2.3 and Section 3.3).

Despite boasting approximately 1.2% market share, since its inception, BlueBet has produced strong operating and financial results demonstrating the quality of its product offering and the operating leverage within the business. The Company is seeking to grow market share and accelerate growth in Australia with increased marketing spend to capitalise on the scalability of the technology platform. In addition, the Company intends to enter the US online sports betting market to capitalise on the considerable market opportunity created as a result of legislative reform allowing legalised online sports wagering, as part of its dual-growth strategy.

Figure 3.2: Key performance metrics



3.1.2 BlueBet's history

BlueBet was founded as a mobile-first, online bookmaker with the vision to provide more innovative wagering products to customers of Australian and international racing and sports.

BlueBet has since grown into a profitable Australian online wagering operator. BlueBet's growth has been driven by targeted, cost-effective marketing campaigns along with continued innovation of its products and enhancements to the wagering platform.

Since the beginning of CY18, BlueBet has marketed mostly to high-value recreational customers with the majority of marketing spent on digital platforms. This represents a move away from a model that targeted higher staking and lower value customers. During CY19 and CY20, BlueBet experienced significant growth in Bet Count, Active Customers and Revenue. This change in model was prompted by the increase in Product Fees and taxation and has driven improvement in BlueBet's margins and profitability.

The Company is seeking to build on this position and strengthen its attractive growth profile with further expansion in Australia and entry into several state markets in the US.

Figure 3.3: Key milestones

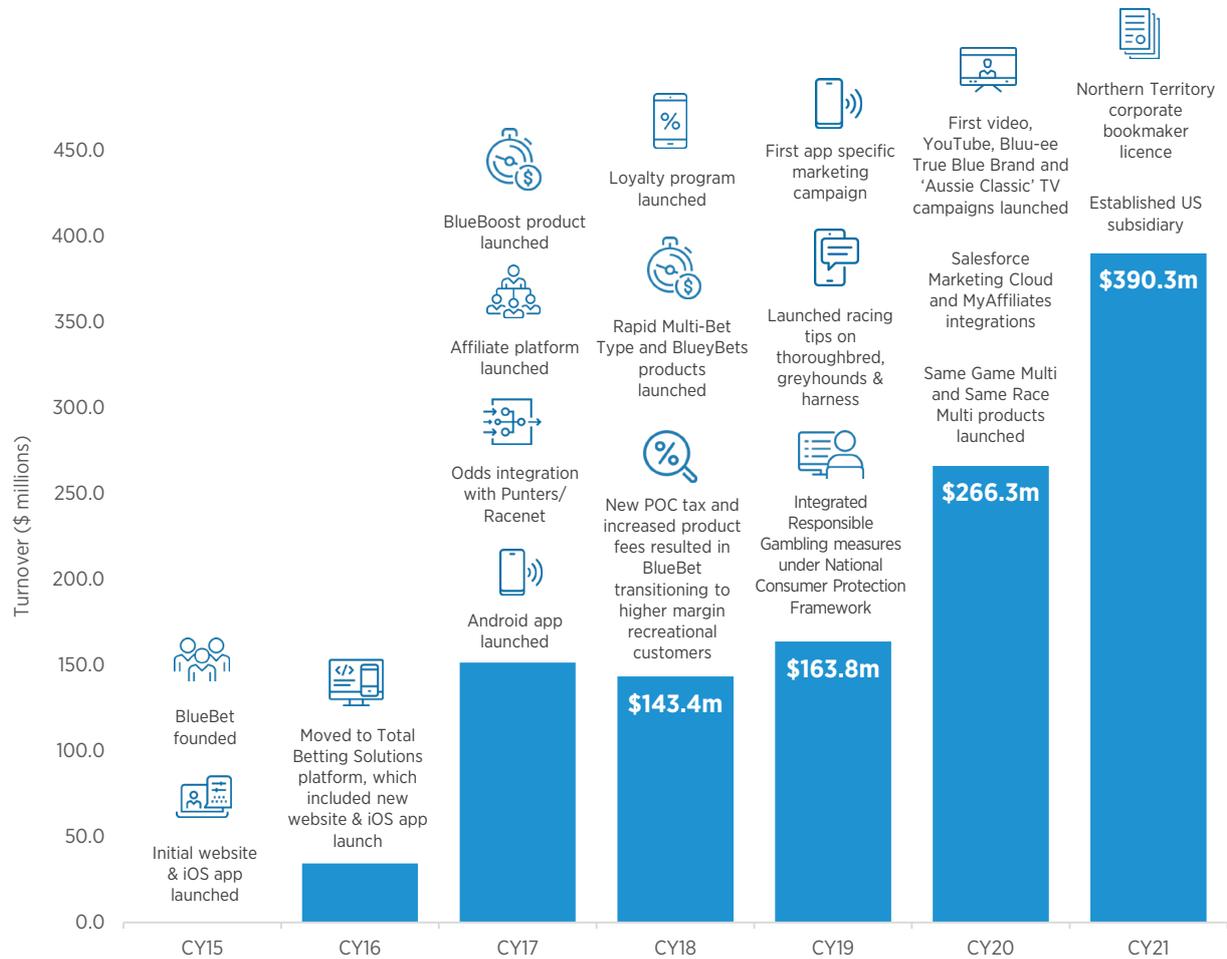


Figure 3.4: Key operating metrics history

	CY18	CY19	CY20
Bet Count	1,762,607	2,479,926	5,146,605
Active Customers	17,676	19,480	25,541
Registered Customers	36,958	53,963	79,865
Turnover (\$m)	143.4	163.8	266.3
Gross Win (\$m)	13.4	15.9	34.9
Net Win (\$m)	8.9	12.0	28.5

3.1.3 Operations

BlueBet has offices in Sydney, NSW, and Darwin NT (Australia), and the Company has intentions to expand into the US. BlueBet has historically been based only in Sydney but in accordance with requirements under BlueBet’s Northern Territory Licence, BlueBet opened an office in Darwin in May 2021 with an additional six to 10 trading staff planned to be in place by the end of May.

BlueBet currently employs 32 people across management, trading, IT, marketing, business development, customer service, legal and finance. In line with its positioning as an online bookmaker, the majority of BlueBet’s employees are in BlueBet’s trading and technology operations. These resources ensure the Company is well equipped to expand the functionality of its wagering platform and continually optimise the wagering experience for customers.

Funds invested in wagering platform development and technology personnel ensure the Company can scale under its current operational structure without significant additional resourcing.

3.1.4 Revenue model

BlueBet generates Turnover when a customer puts a stake (money) at risk through placing a bet on an event. BlueBet’s Gross Win is the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets. Net Win is equal to Gross Win less customer promotional costs. The Company will generate Gross Profit if its Net Revenue (Net Win less GST) is greater than its Cost of Sales, which are primarily include wagering levies, POC taxes, fees paid to affiliate partners and merchant fees. Refer to the Management Discussion & Analysis in Section 4.7 and Section 4.9 of the Prospectus for further details.

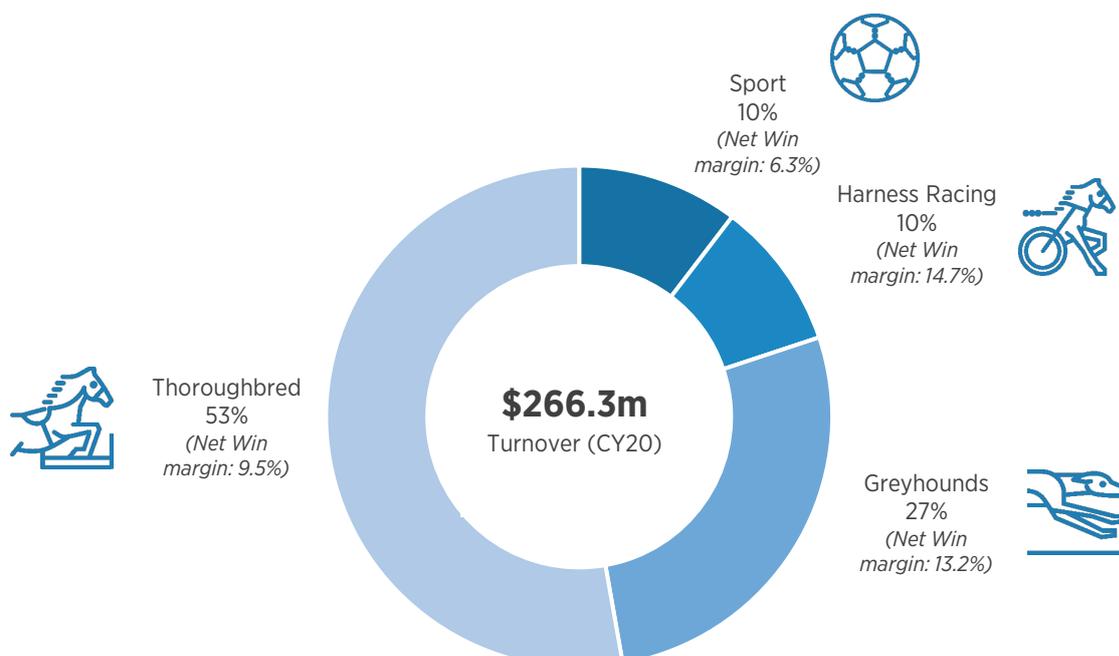
BlueBet relies on its Australian sports bookmaker licence to operate, which is underpinned by agreements with racing and sporting controlling bodies. See Section 3.5, Section 3.6 and Section 3.7 below for more information about these agreements and the Regulatory Framework in which the Company operates.

3.2 AUSTRALIAN OPERATIONS

3.2.1 Products

BlueBet offers customers access to a wide range of wagering markets. BlueBet’s broad array of racing wagering products span events in 24 countries. Racing wagering products accounted for 90% of Turnover in CY20 and are offered across the majority of regional and metropolitan thoroughbred, greyhound and harness racing meetings in Australia. Sport represented 21% of Turnover in CY19, though reduced to 10% of Turnover in CY20 due to the impact of the COVID-19 pandemic on scheduled sporting events.

Figure 3.5: Turnover by Product – CY20 (%)



BlueBet offers wagering products on 31 sports in Australia and internationally, plus entertainment and politics wagering markets as listed in Figure 3.6. BlueBet primarily focuses on liquid markets in popular sporting events that have proven appeal with customers, leading to increasing Turnover for BlueBet.

Figure 3.6: Wagering markets



BlueBet offers an extensive range of wagering options including:

- **Win & place:** standard win or place bet for thoroughbred, greyhound and harness racing;
- **Exotics:** quinella, exacta, trifecta, first four, doubles, and quadrellas on thoroughbred, greyhound and harness racing;
- **Multi-bets:** customers can combine bets from different events and markets, with the odds accumulating with each leg;
- **Same Game and Same Race Multis:** customers can combine different single bets from the same match or race into one multi-bet; and
- Sport wagering markets including:
 - **Head-to-head:** picking who will win the event;
 - **Lines/handicaps:** determining whether an individual athlete/team will have covered the designated handicap;
 - **Point totals:** number of points in an event or period of an event;
 - **Player props:** individual player performance in a given game (e.g. a player to kick four goals in game); and
 - **Futures:** long-term wagers generally on overall competition results (e.g. which team will win an Australian Football League (AFL) premierships or which team will make the National Basketball Association (NBA) Finals).

BlueBet is continually developing new products and exploring new wagering markets, ensuring it provides popular products to maximise customer engagement, attract new customers and drive revenue growth. The development of higher margin wagering products such as Same Game Multis and Same Race Multis, has allowed BlueBet to meet client demand as well as improve Net Win margin. As BlueBet controls its technology platform, website and native apps, new product development can and will continue to occur and be deployed rapidly. BlueBet will continue to innovate its product offering to drive customer engagement and Turnover.

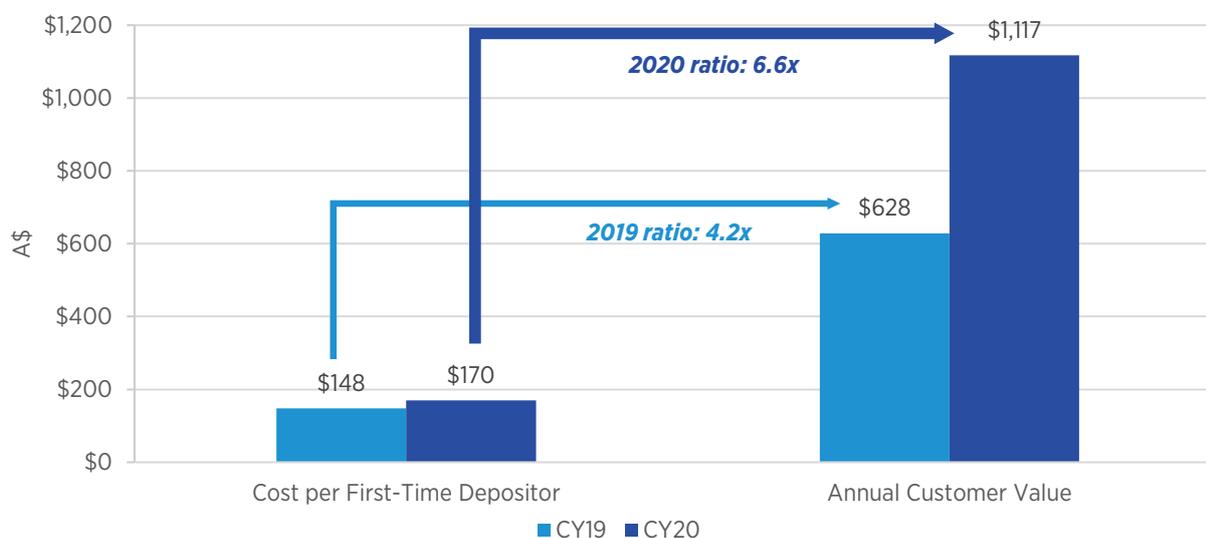
3.2.2 Marketing and promotions

BlueBet uses a combination of above-the-line marketing (advertising) and below-the-line marketing (email, SMS, push notifications and promotions) to acquire and reactivate customers and to maximise customer engagement to the extent permitted by the Regulatory Framework.

A comprehensive approach optimising spend on key performing channels is used. BlueBet's marketing strategy is primarily focused on digital advertising, complemented by TV, radio and outdoor advertising, which has driven an attractive Customer Acquisition Cost. The focus on trackable and targeted campaigns has allowed BlueBet to aggressively grow Registered Customers while keeping marketing costs low.

This multichannel approach delivered a Customer Acquisition Cost of \$117 per Account Registration and \$170 per Cost per First-Time Depositor in CY20. BlueBet's CY20 Annual Customer Value of \$1,117, represents a 6.6x multiple of the Cost per First-Time Depositor.

Figure 3.7: Cost per First-Time Depositor & Annual Customer Value (CY19-CY20) (A\$)



3.2.2.1 Above-the-line marketing

BlueBet's main target market is individuals with an affinity for racing and sport, with advertising and marketing themed around BlueBet's 'customer-first' value proposition. To date, BlueBet has primarily focused on regional free-to-air TV and pay TV services such as Foxtel, which has enabled cost-effective targeting and customer acquisition.

In Australia, BlueBet has positioned itself as the '100% True Blue Aussie Bookie'. BlueBet employs the tag line 'True Blue Betting' and a call to action to 'Bet Australian' to reinforce this messaging. This is intended to align with favourable Australian consumer sentiment to support local businesses, which the Company believes has become a more prominent engagement driver for its target customers. In CY20, BlueBet launched its first major brand campaign to coincide with the Spring Racing Carnival across regional free-to-air TV and Foxtel.

Figure 3.8: TV brand campaign



While continuing to focus on targeted marketing campaigns, the Company will also be looking to form major media partnerships to raise brand awareness. Penrith Stadium has recently been rebranded BlueBet Stadium as part of a partnership with the Penrith Panthers, a National Rugby League (NRL) team. BlueBet is also targeting partnerships with major media organisations. BlueBet has formed a partnership with Fox Sports on its news channel and is looking to increase brand awareness with further similar partnerships.

Figure 3.9: BlueBet Stadium



3.2.2.2 Below-the-line marketing

BlueBet uses a data-driven promotion strategy aimed at retaining existing customers, re-engaging with inactive customers and maximising customer engagement through a targeted marketing approach:

- **Outbound campaigns:** optimising bespoke messaging and content across all key channels including email, SMS, push notifications and in-app messaging;
- **Mobile-first strategy:** continual user experience and app optimisations have supported increasing mobile engagement with 83% Turnover growth on iOS and 204% on Android in CY20. With 62% of Bet Count in CY20 coming from mobile apps, BlueBet is able to efficiently target marketing initiatives driving lower marketing costs;
- **New product notifications:** customers are notified when BlueBet releases new innovative products such as Same Game Multi and Same Race Multi into the market;
- **Customer Relationship Management (CRM) powered engagement:** Salesforce CRM software has been integrated into the technology platform to unify email and SMS, which may lead to improved client engagement and Turnover; and
- **Promotions:** BlueBet uses promotions that drive activity around major sporting events. Promotions are data driven and aimed at onboarding new customers, retaining existing customers and maximising customer engagement. Promotional exotic bonuses were a primary driver for BlueBet's 164% increase in race Exotics Turnover in CY20.

Marketing campaigns are reviewed and analysed on an ongoing basis against key performance indicators including Cost per First-Time Depositor, Annual Customer Value and account reactivation to monitor return on investment.

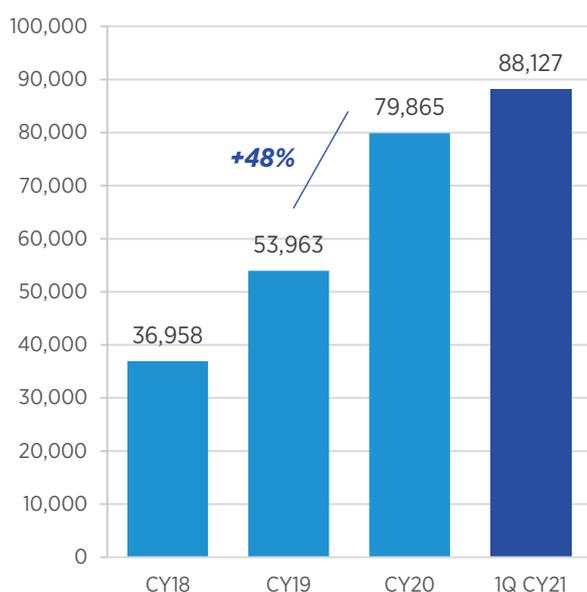
3.2.2.3 Customer growth

BlueBet attracted over 10,000 new Account Registrations to its wagering platform during the December quarter of CY20, up from approximately 5,500 the previous quarter. Increased traffic on BlueBet's wagering platform was driven by BlueBet's first major brand campaign (refer to Section 3.2.2.1), and the large number of major racing and sporting events during the period. Since the beginning of CY18, BlueBet has marketed mostly to high-value recreational customers, moving away from a model that included higher staking and lower-value customers. BlueBet does not offer lines of credit to any customer.

BlueBet reached approximately 80,000 Registered Customers at the end of CY20, an increase of 48% from approximately 54,000 at the end of CY19, which has further grown to 88,127 as at 31 March 2021.

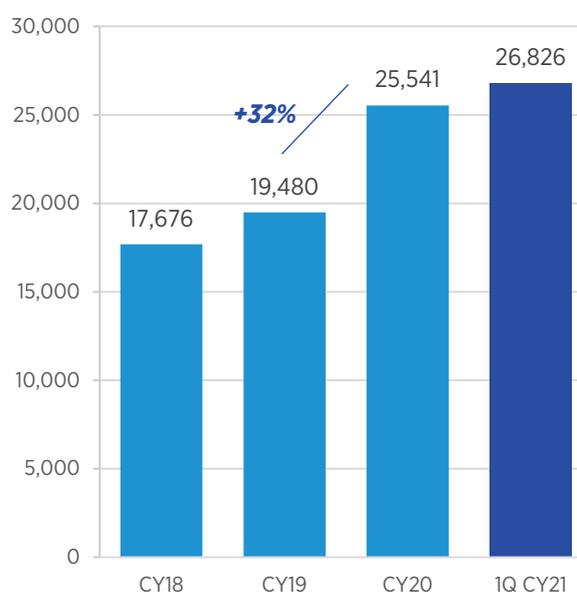
BlueBet has grown to 26,826 Active Customers as at 31 March 2021, up from 20,128 as at 31 March 2020, which was an increase of 32.7%. Bet Count has grown to 6.0 million for the 12 months to 31 March 2021, up 129.6% versus 12 months to 31 March 2020.

Figure 3.10: Registered customers (CY18–CY20)



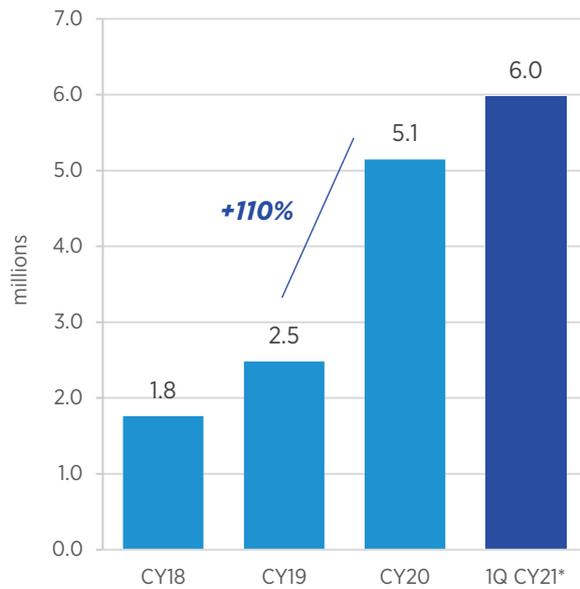
Note: 1Q CY21 number is at 31 March 2021.

Figure 3.11: Active customers (CY18–CY20)



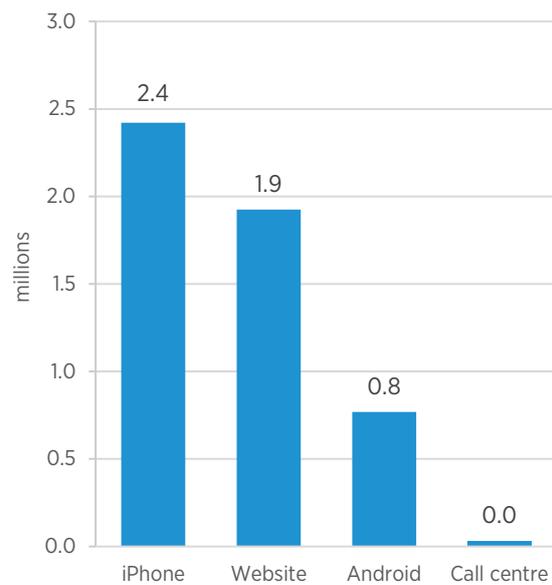
Note: 1Q CY21 number is the 12 months to 31 March 2021.

Figure 3.12: Total Bet Count (CY18–CY20)



Note: 1Q CY21 number is the 12 months to 31 March 2021

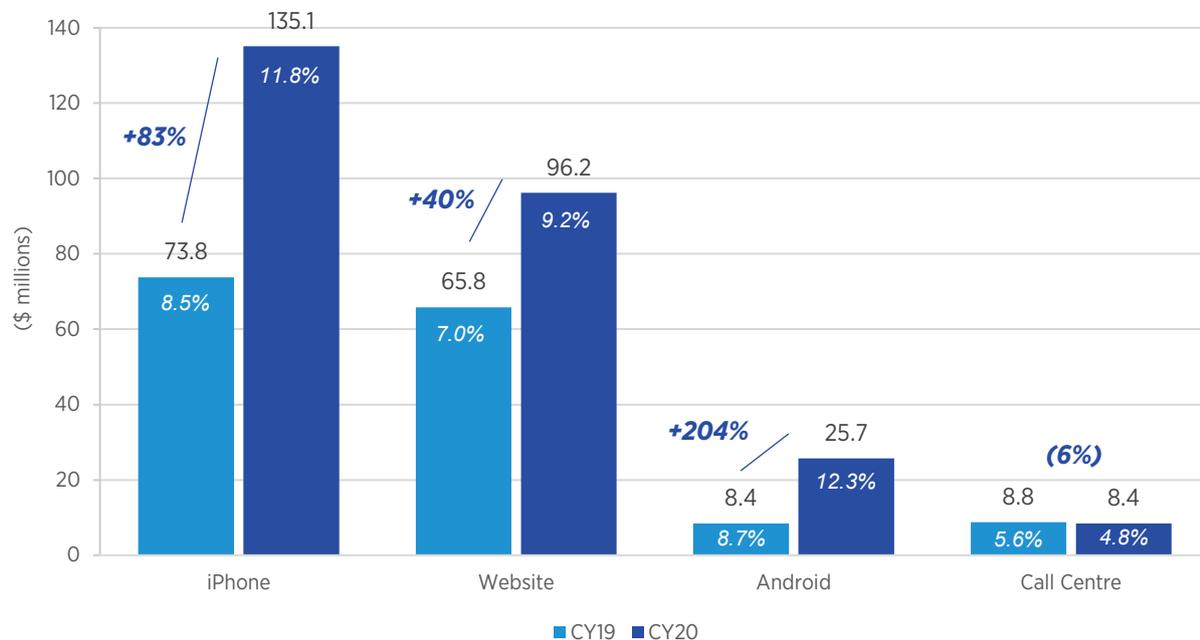
Figure 3.13: Total Bet Count by channel (CY20)



Note: 12 months to 31 December 2020

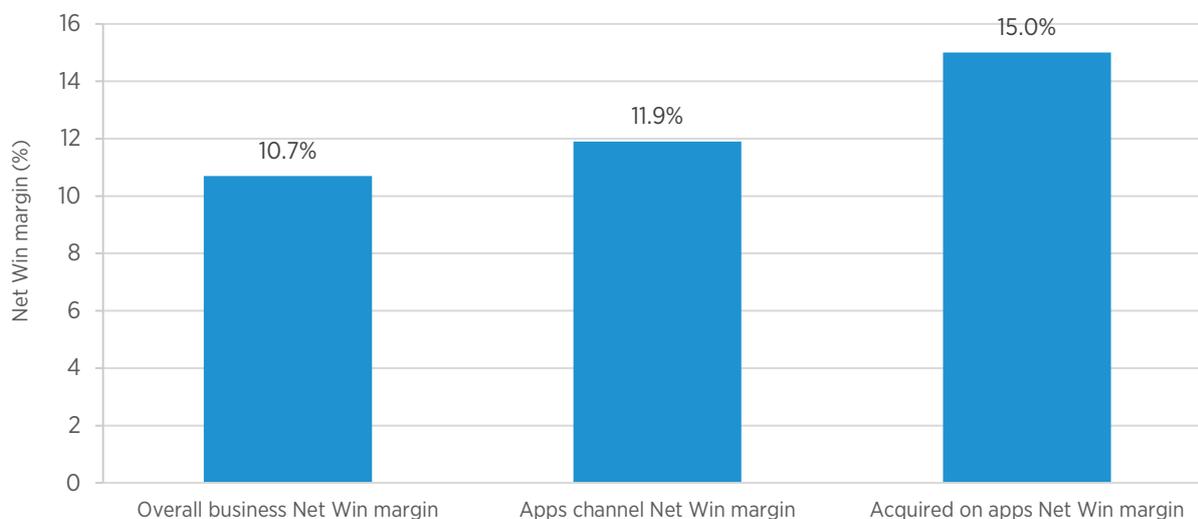
In CY20, 61% of Turnover and 62% of Bet Count came from the BlueBet's native mobile apps. Mobile app engagement is positioned to grow as the Android app has only recently become available in the Google Play Store (Google has traditionally not allowed wagering apps in its Play Store but this was permitted in Australia as of March 2021). This has significantly improved user experience in downloading the app and the Company believes this will lead to accelerated growth on the Android platform.

Figure 3.14: Turnover (\$ million) and Net Win (%) by channel (CY20)



BlueBet's mobile-first strategy of directing clients to sign up directly on the app is sourced through a performance buying model with integrated app partners and Apple Search advertisements. BlueBet's 'acquired on apps' Net Win margin in CY20 was 4.3 percentage points higher than the overall Net Win margin.

Figure 3.15: Acquired on apps Net Win margin vs other (CY20)



There is significant scope to expand this proposal to other domestic and international partners to increase scale and volume while maintaining comparable Cost per First-Time Depositor levels.

3.2.3 Australian growth strategy

3.2.3.1 Marketing

BlueBet is focused on a targeted marketing strategy to promote its range of products and services to:

- acquire new customers using a comprehensive multichannel approach with a focus on TV and digital, radio, outdoor advertising and new digital audio to target key demographics;
- retain existing customers by optimising messaging and content across all key channels including email, SMS, push notifications and in-app messaging; and
- maximise customer engagement to become their preferred betting platform.

BlueBet has a Cost per First-Time Depositor of \$170 as result of its comprehensive multichannel approach, which seeks to optimise marketing spend on key performing channels. While BlueBet's traditional, targeted marketing strategy has led to Cost Per Acquisition lower than comparable peers, with an increase in brand advertising planned over the coming 24 months, the Customer Acquisition Cost per Account Registration and per Cost per First-Time Depositor is expected to rise.

BlueBet has increased its marketing budget over the past 12 months, and seeks to commit further resources to:

- **Mobile:** budget directed towards high-growth, cost-effective mobile categories with a specific focus on app search advertising, in-app advertising and mobile display advertising;
- **Partnerships:** the establishment of long-term strategic partnerships with major national sports, media and casino brands;
- **Sponsorship:** opportunities for branding and sponsorship through mid- to long-term AFL, NRL and racing agreements. One example is BlueBet obtaining the naming rights to Penrith Stadium (now named 'BlueBet Stadium') on a two-year deal from the start of the 2021 NRL season;
- **Advertising:** TV and radio advertising to increase brand awareness, including the Company's new BlueBet Stadium sponsorship; and
- **Online:** grow search engine optimisation and increase pay-per-click budgets to increase brand awareness.

A significant portion of the Use of Funds from this Offer will be deployed to increase the Company's marketing activities to acquire Active Customers and increase conversion to First-Time Depositors. Increasing engagement and long-term value of customers are key pillars of growth for the Company.

3.2.3.2 Talent

BlueBet employs experienced wagering professionals who have a strong history of building and operating highly profitable sportsbooks. The BlueBet team is highly experienced and specialised in risk management, finance, IT, marketing and legal and regulatory matters.

BlueBet has been able to gain market share in Australia at attractive margins due, in part, to the skill and experience of its personnel. BlueBet's trading teams, split into racing and sport teams, are led by experienced traders, all with over 10 years' experience. BlueBet has prioritised having quality traders with experience, industry knowledge and customer knowledge to maximise margin. A key pillar for growth will be to attract, develop and retain industry-leading talent to facilitate growth in Australia and for its proposed US market entry.

3.3 US MARKET ENTRY STRATEGY

3.3.1 Overview

Historically, sports betting in the US has been heavily restricted by the PASPA legislation. This legislation was overturned in 2018, with the effect that each individual state is now free to legalise sports wagering, including online sports wagering. To date, 21 states have legalised sports wagering and several more states have draft legislation under consideration. Analysts anticipate that sports betting will be legalised in up to 38 states by 2025.

As highlighted in Section 2.3.6.2 of the Frost & Sullivan report, analysts estimate that wagering revenue in the US market will grow to between US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion) in revenue in CY25.

In CY21, the Company incorporated BlueBet USA, Inc (**BlueBet US**) in Nevada (which will be a wholly owned subsidiary of the Company upon completion of the Restructure described in Section 9.3) and appointed a US-based director of BlueBet US, Jeffrey Gilbert, who has extensive experience in the US wagering market.

Figure 3.16: US market entry strategy



Targeting five priority US states for initial market entry as straight B2C wagering provider, establishing an initial footprint



Prove the capability of the BlueBet team and product offering in the US market



Target key local partnerships with US entities to establish joint ventures (or other commercial arrangements) in major states endeavouring to come online



Partnerships with US entities, reducing capital required and risk in major states

3.3.2 US Business-to-consumer (B2C) offering

The Company has identified up to five priority states in the US – Virginia, Iowa, Colorado, Tennessee and Maryland – for its initial market entry as a wagering provider. In these potential markets, the Company intends to pursue a B2C offering, which will allow it to establish a footprint and optimise the team and products for the US market.

The Company has focused on states that have:

- legalised state wide online wagering;
- relatively low barriers to entry requiring less capital expenditure than other jurisdictions;
- significant populations; and
- commercially acceptable taxation and regulatory arrangements.

Depending upon the regulatory regime in each state, this operating model may either be conducted under BlueBet's own licence – as issued by a state government – or as an extension of an existing licence holder (also called a Skin).

Many states in the US have granted sports betting licences to existing land-based casinos with one or more Skins attached to that licence. The licence holder can then issue a Skin to a sports betting partner (or several betting partners if the licence holder has multiple Skins). To obtain a Skin, BlueBet is required to enter into a commercial agreement with an existing licence holder. The terms of such an agreement are discrete in nature and subject to negotiations between the parties. The duration and financial commitments attached to each Skin agreement will vary depending on the commercial considerations for that state (e.g. taxation rates, licence fees). Several such agreements have been entered into by other wagering operators in states such as New Jersey, Pennsylvania, Colorado, Iowa, Michigan and Indiana.

BlueBet is currently in advanced negotiations with an existing wagering licence holder in Iowa to enter a partnership or Skin, which would enable it to operate in that state.

In May 2021, BlueBet also applied for an online wagering licence with Virginia Lottery. It is anticipated that a decision on the licence application will be forthcoming by September 2021.

While these states are being entered under a different model to BlueBet's longer term, overarching partnerships strategy (described in Section 3.3.3 below), the aim is to develop long-term sustainable partnerships that will form an important part of the overall business. This means BlueBet will commit marketing spend in any state where it acquires a licence to drive scale.

Figure 3.17: Target US markets

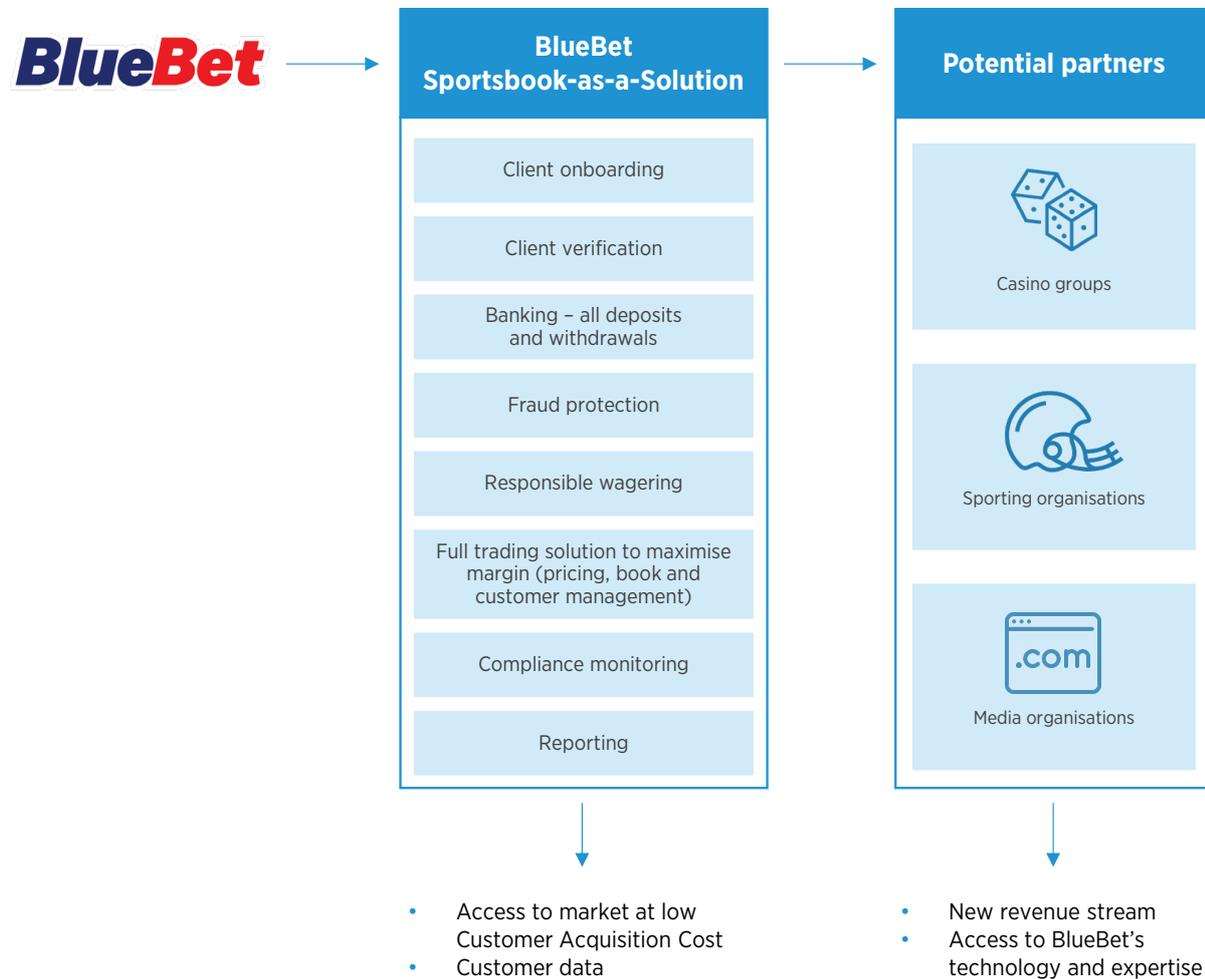
	IOWA	COLORADO	MARYLAND	TENNESSEE	VIRGINIA
Population (million)	3.1m	5.8m	6.0m	6.9m	8.6m
Market status	<ul style="list-style-type: none"> 19 licensed operators Online available since January 2021 	<ul style="list-style-type: none"> Online available since May 2020 19 online sports betting licences and 17 retail licences 	<ul style="list-style-type: none"> Sports betting approved by voters in November 2020 Draft legislation to legalise sports betting anticipated to be approved mid- to late-2021 	<ul style="list-style-type: none"> 7 licensed operators No limit on number of licences Online available since November 2020 Betting only allowed online (no in-person betting) 	<ul style="list-style-type: none"> Online available since January 2021 Further online sports betting licences likely to be made available mid- to late-2021
Online			To be approved		
March 2021 Turnover	US\$139.4m	US\$295.2m	n/a	US\$205.9m	US\$304.1m
Revenue (Q1 CY21)	US\$32.5m	US\$54.0m	n/a	US\$50.9m	US\$14.2m
Licence cost	US\$45k	US\$77k	TBC	US\$750k	US\$250k
State taxation rate	6.75% of revenue	10% of revenue	TBC	20% of revenue	15% of revenue
Status	In advanced negotiations with an existing licence holder to obtain Skin	In negotiations with multiple existing licence holders to obtain Skin	At preliminary stages	At preliminary stages	Applied for an online wagering licence in May 2021

3.3.3 Proposed Sportsbook-as-a-Solution offering

Once the Company has established its team and technology in the US via its B2C strategy, the Company intends to add a Sportsbook-as-a-Solution offering.

It is intended that the Sportsbook-as-a-Solution offering will involve creating partnerships with existing US entities. Those partners can use BlueBet's wagering platform and trading expertise to seamlessly enter the online sports betting market.

Figure 3.18: Proposed Sportsbook-as-a-Solution offering



Under the proposed offering, it is intended that partners will have access to the BlueBet wagering platform built and maintained by the BlueBet team. Customers of partners will have access to web and mobile apps white-labelled to the partner brand. The experience and data accrued by BlueBet operating in Australia's highly competitive environment will support the Company in endeavouring to deliver a superior customer experience for partners in the US.

Automation built into the BlueBet wagering platform provides partners with highly scalable solutions. Partners will receive updates to products and technology automatically to ensure their sportsbook remains at the forefront of the industry.

To execute on the Sportsbook-as-a-Solution strategy, the Company will modify its platform to align with US requirements. Proposed modifications include adapting the front-end of the platform to meet demand in the US market, which emphasises sport over racing. This strategy is likely to realise lower build costs for the US through re-use of the existing code for core functions.

BlueBet believes that partnering with select entities via Sportsbook-as-a-Solution, including potential partners with an existing brand awareness or aligned presence, can be a highly efficient and attractive means of expanding into the US market as opposed to pursuing a mass-market, direct-to-consumer offering.

3.3.4 Talent

A number of BlueBet’s wagering professionals have experience working in a complex multi-jurisdiction environment with different product offerings and tax rates. It is initially intended that Australian-based resources will be allocated to BlueBet US, with the aim of hiring dedicated US personnel to support market development.

BlueBet has appointed Jeffrey Gilbert as a director of the US subsidiary. Jeffrey is an experienced wagering executive with substantial local knowledge and a vast network. Jeffrey has more than 40 years’ experience in the commercial gaming and casino industry. He has served as a director on multiple boards and has chaired various committees for publicly traded and privately held companies. He is presently licensed by the Nevada Gaming Commission and in good standing with the New Jersey Casino Control Commission. He has also been licensed in several other states, including Mississippi, Illinois, Colorado, Louisiana and South Dakota.

BlueBet will be aiming to attract staff of the highest quality in the US, with a focus on recruiting key people in trading, technology, product and marketing.

3.4 INFORMATION TECHNOLOGY

3.4.1 Technology platform

BlueBet is powered by its custom-built technology suite that includes both customer-facing technology, which drives BlueBet’s strong customer metrics, and non-customer-facing technology, which enables BlueBet to scale and innovate efficiently and in a cost-effective manner. BlueBet retains intellectual property rights in all bespoke software it has developed and considers its technology systems as a key driver of financial and operational performance.

The base third-party platform, also used by a number of major market players operating in the Australian and US online wagering markets, has been materially customised and enhanced by BlueBet’s technology team providing BlueBet with ownership of those enhancements. It is characterised by:

- **Core betting engine:** a modular and scalable betting engine featuring content management, regulation and reporting, promotions, payments, bet intercept, risk management and account management modules;
- **Market tested:** the BlueBet technology platform has been market tested and provides the fundamental capabilities required by BlueBet, including trading/risk management, client account management, financial and integrity-related reporting and responsible wagering tools;
- **Meets peaks in demand:** a modern technology stack that is capable of supporting high wagering throughput while maintaining a high level of performance during significant activity spikes. The back-end systems have been stress-tested to the highest industry standards and BlueBet’s Microsoft Azure Cloud Environment is highly scalable to meet increased load demands;
- **Experienced team:** the core development team has a successful track record in wagering system development and is cognisant of the architecture critical to high-transaction betting engines and the associated concurrency loads;
- **Control:** due to base technology platform being materially customised and enhanced by BlueBet, it provides BlueBet with end-to-end visibility, agile development capability and sole control of the various technology functions;
- **Automation of onboarding:** a customer can join BlueBet, verify their account, satisfy regulatory account opening requirements, deposit funds and place bets without having to interact with staff. This seamless automated process allows BlueBet to scale the business without the need to dramatically increase headcount to register clients;
- **Rapid deployment of new features:** the technology platform also provides the ability to rapidly adapt existing products or create new product features and efficiently deploy them to market;
- **Data feeds for increased automation and scale:** the technology platform currently uses third-party racing and sport data feed services to automatically generate sports and racing markets, provide opening prices for those markets and (where required) to dynamically update pricing for those markets in the back and front-end channels. Racing and sports data feeds are integrated via application programming interfaces (API). The technology platform supports the integration of additional data feeds using this same method, ensuring the platform can be scaled to meet new market opportunities by enhancing the breadth of product via data automation, rather than through manual intervention; and
- **Consistent user experience:** the technology platform interfaces with all front-end channels including web and mobile browsers, mobile applications and telephone to provide a consistent user experience.

Figure 3.19: BlueBet technology platform overview

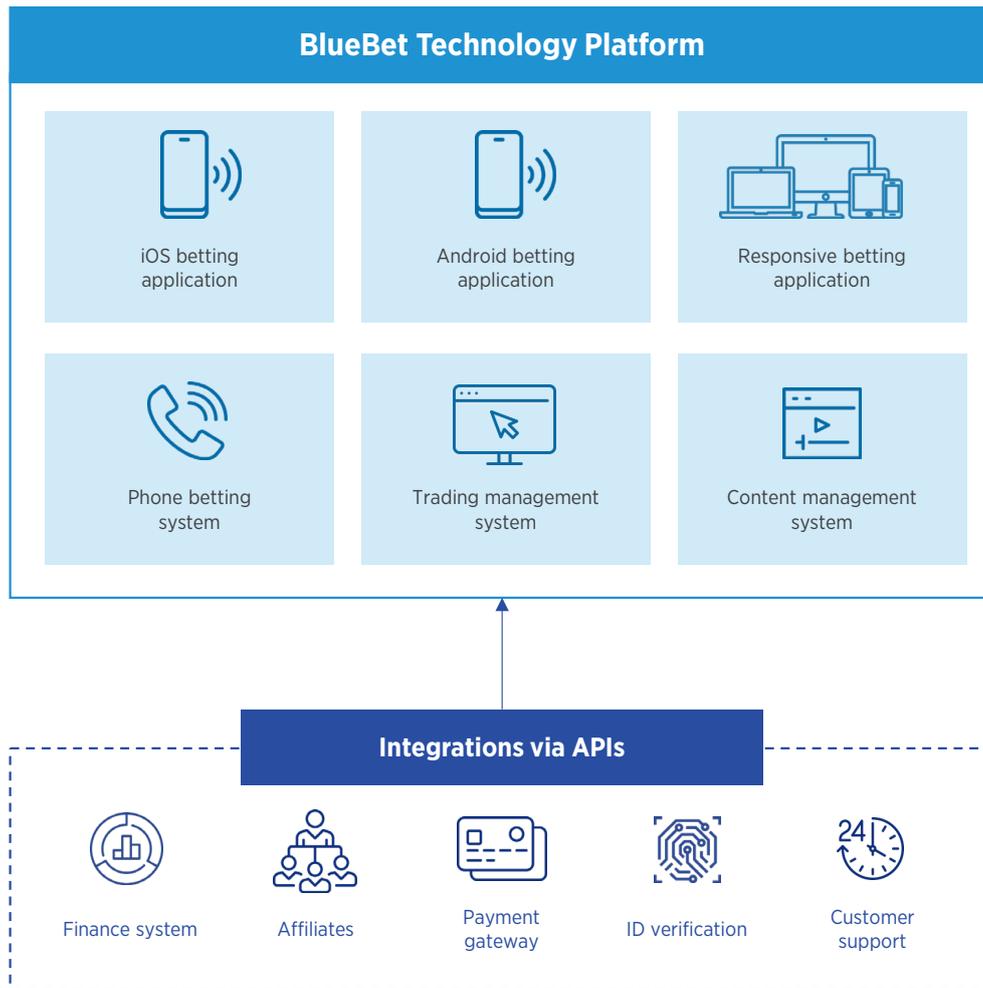
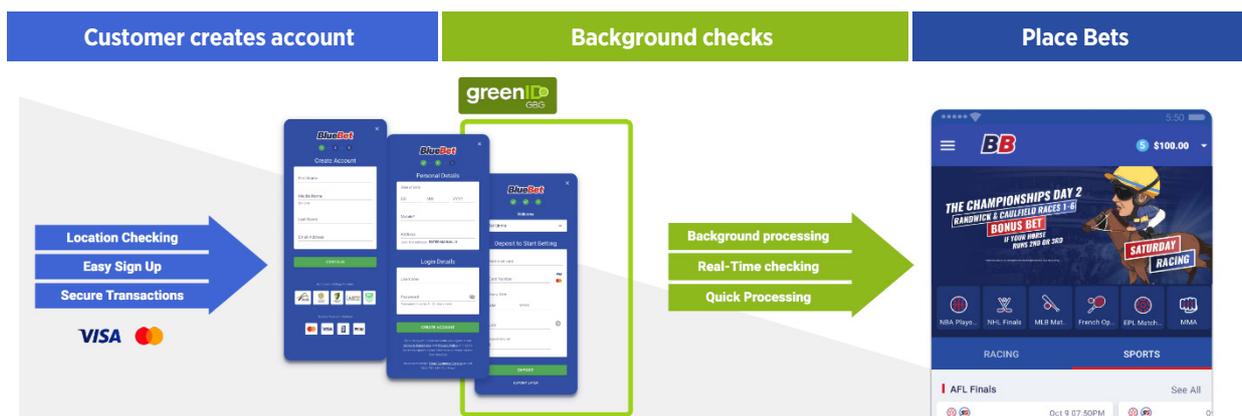


Figure 3.20: Automation of onboarding



BlueBet uses a hybrid model of in-house development staff and industry-experienced third-party providers. BlueBet's policy is to own any new developments these staff and third-party providers develop for BlueBet.

Skilled in-house development resources are supplemented by external resources with wagering sector expertise. Members of this extended team have previous experience working together with varying wagering operators for more than 10 years, pre-dating the establishment of BlueBet.

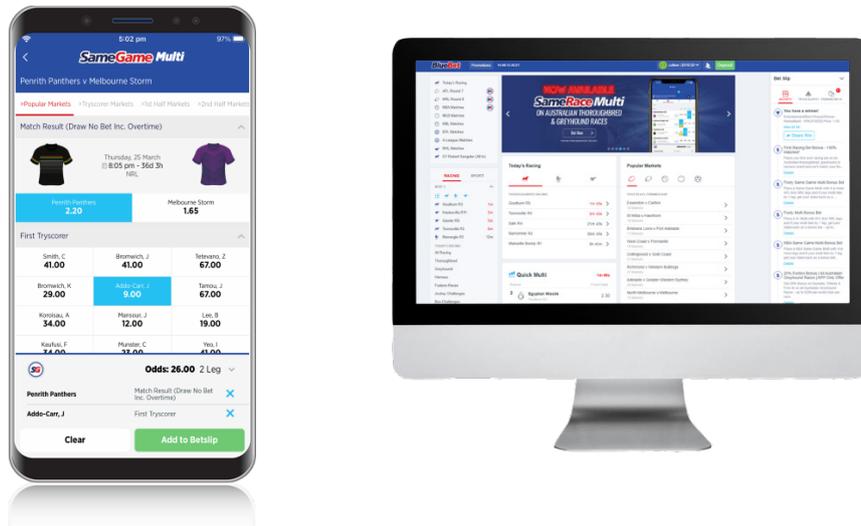
The Company also uses third-party Software-as-a-Service (SaaS) products under standard licences and terms of use. This includes Salesforce CRM, which assists in customer retention and reactivation.

3.4.2 Customer experience

BlueBet’s wagering platform has been developed to enable a mobile-first strategy, which allows for an optimised user experience across desktop, mobile web and iOS and Android mobile apps. BlueBet employs a mobile-first strategy, and the use of mobile apps by customers enables increased engagement through costless push notifications. This lowers costs to both engage and reactivate customers while also increasing brand loyalty.

User experience continuity between devices ensures that customer interactions are easily and intuitively repeatable across every channel, allowing BlueBet to retain customers and improve engagement on the wagering platform.

Figure 3.21: BlueBet app and desktop experience



3.4.3 Technology improvements

BlueBet’s technology investment to date has provided the business with the flexibility and versatility to tailor its offering to customers, enabling increased engagement. BlueBet is continuously innovating and enhancing its product features to drive automation of:

- **Funding of new accounts:** to improve conversion from Account Registration to First-Time Depositor;
- **First bets and repeat bets:** to improve conversion from First-Time Depositor to Active Customer;
- **Tailored content:** to engage current Active Customers and re-engage inactive customers; and
- **Offering new products and product options:** to provide greater wagering options and drive Turnover.

3.5 REGULATORY FRAMEWORK

At the federal level, online gambling is regulated primarily by the IGA. The IGA prohibits the provision of ‘prohibited interactive gambling services’ and unlicensed ‘regulated interactive gambling services’ to persons present in Australia. The IGA provides that ‘prohibited interactive gambling services’ and unlicensed ‘regulated interactive gambling services’ must not be provided to any person present in Australia.

A fixed-odds wagering service, which involves wagering on racing and sporting events (being an ‘excluded wagering service’ under the IGA), is excluded from the definition of prohibited interactive gambling services.

For an excluded wagering service to be provided legally in Australia, it must fall within the scope of a regulated interactive gambling service. To conduct a regulated interactive gambling service lawfully, an operator must hold a licence or authority under a relevant Australian state or territory law that permits the operation of the service, and conduct the service in accordance with that licence or authority.

Accordingly, provided a service falls within the scope of an excluded wagering service, the provider of that service holds a licence or authority to conduct the service and the service is operated in accordance with that licence or authority, the service will not be prohibited under the IGA.

Laws prohibiting unlicensed wagering exist in each Australian state and territory. There is an established legal principle under Australian constitutional law that a gambling service conducted lawfully under a licence or authority issued in any Australian state or territory will be recognised as a legal service in each other Australian state and territory, subject to the laws of any state or territory, which may restrict or limit the conduct of the relevant gambling service.

Accordingly, it is essential for an operator supplying a wagering service from a specific Australian jurisdiction to hold a wagering licence or authority for that jurisdiction and to comply with the conditions of the licence or authority, along with all other applicable wagering laws, regulations and codes, which apply to a licensed wagering operator at both the Australian federal and state/territory level (**Wagering Laws**).

BlueBet Pty Ltd (a wholly owned operating subsidiary to be held by the Company with effect from completion of the Restructure) holds a sports bookmaker licence or sports bookmaking licence, which was granted by the Northern Territory Racing Commission under section 90 of the *Racing and Betting Act* (NT) on 21 December 2020 (**NT Licence**). BlueBet conducts the BlueBet Service in accordance with the NT Licence and all Wagering Laws.

3.6 PRODUCT FEE AND INTEGRITY AGREEMENTS (PFIAS)

Many Australian sport and racing bodies have a product fee regime in place. BlueBet is required to obtain the necessary approvals or authorities from, or enter into agreements with, the relevant Australian Sports Controlling Body to use certain information pertaining to racing or sports events conducted under the control of that Sports Controlling Body, before accepting bets relating to the relevant racing or sports events.

With respect to racing, and following the grant of the NT Licence, BlueBet will enter into 'race fields agreements'. These agreements will enable BlueBet to publish or use race fields information in respect of racing events conducted by a particular racing body in exchange for payment of a product fee.

With respect to sports, BlueBet will enter into arrangements (generally referred to as 'product fee and integrity agreements' or PFIAs with many Australian bodies), which enable BlueBet to publish or use information relating to events conducted by or under the auspices of that sporting body in exchange for payment of a product fee. Race field agreements and product fee and integrity agreements are collectively referred to as PFIAs.

In addition to the obligation to make payment of a product fee, these PFIAs impose various obligations on BlueBet, including obligations with respect to integrity, restrictions on betting contingencies, intellectual property and reporting requirements. BlueBet must comply with the terms and conditions of these PFIAs.

Failure to comply with PFIAs may result in the relevant PFIAs being cancelled, resulting in BlueBet ceasing to have the right to accept bets lawfully in respect of events conducted under the auspices of that Sports Controlling Body.

3.7 POINT OF CONSUMPTION (POC) TAX

Except for the Northern Territory, each Australian state and territory imposes a POC tax on wagering operators licensed in any Australian jurisdiction.

This tax is calculated by reference to revenue generated by the operator from customers in the relevant Australian jurisdiction. Further details are set out in Section 2.2.1.2.

3.8 RISK MANAGEMENT

3.8.1 Trading risk management

To manage and mitigate trading risk, BlueBet uses a combination of its experience in wagering, internally developed software products, and third-party data, content, software and technologies, to ensure efficient and streamlined risk management as the Company scales.

BlueBet's highly experienced trading team has worked across most major wagering operators in Australia and uses the skills it has acquired across this wide range of organisations, to deliver attractive and consistent margins through managing risk.

This expert trading team coordinate BlueBet's odds management systems and ensure the product presented to customers is accurate and competitive with other operators in the market.

BlueBet's technology platform assists traders to identify fluctuations in betting odds and to ensure the odds presented to BlueBet customers remain within normal margins.

BlueBet has internal policy risk limits for all events that are dependent on the popularity and Turnover of the event. Where a wager is placed in excess of these limits, notifications are provided to BlueBet's traders so they can manage risk limits and ensure both client and event limits are maintained. These tools are in place for each individual market to ensure exposure limits are maintained and are in place at both an event and client level as a cross check.

3.8.2 Data protection and privacy

BlueBet's operations mean it collects personal information from its customers. BlueBet is committed to protecting the security of personal data and uses a variety of technical and organisational measures to help protect its customers' personal data from unauthorised access, use or disclosure, including:

- all personal data is segregated with system-level encryption;
- the BlueBet network is monitored 24/7 by external cyber-security experts;
- systems are monitored for performance, availability and capacity planning;
- BlueBet has real-time visibility of network components with active intervention capabilities;
- BlueBet has developed a full suite of Information Security Management Systems (**ISMS**) policies and procedures for data management and these are routinely and independently assessed against International Standard ISO 27001 as part of BlueBet's compliance program;
- personnel are subject to system-based data access controls and audit trails are maintained for all customer access points; and
- financial transactions are subject to Payment Card Industry Data Security Standard (**PCI DSS**) compliance.

3.8.3 Anti-money laundering/counter terrorism financing

As a provider of designated services under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**), BlueBet is required to comply with various customer identification procedures, know your customer (**KYC**), and reporting obligations. BlueBet is legally obliged to report any instances or potential breaches such as money laundering, fraud or other crimes, and have processes to identify, assess and lodge suspicious matters and transactions to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**).

BlueBet has a well-established AML/CTF program, risk profile and risk assessment as required by the AML/CTF Act and AML/CTF Rules. These policies are reviewed by internal compliance officers on at least an annual basis and by external consultants every one to three years.

BlueBet is vigilant with regard to its reporting obligations under the AML/CTF Act and has lodged suspicious matter reports (**SMRs**) with AUSTRAC where appropriate. To comply with its obligations, BlueBet uses technology processes and software to identify, minimise and manage the business risks and conduct customer identification and verification on registration.

BlueBet also provides extensive training to all staff on its AML/CTF Program and the requirements of the AML/CTF Act.

3.9 CORPORATE RESPONSIBILITY

BlueBet has a standing commitment to provide its users and partners with a responsible wagering environment. BlueBet regularly reviews its practices to ensure these conditions are maintained through the following:

- **Policies framework:** BlueBet has developed a suite of internal policies to ensure responsible corporate behaviour including anti-bribery and corruption, diversity and whistle-blower policies;
- **ID verification:** BlueBet completes identity checks and credit card verification on customers' wagering accounts. This helps to ensure that the platform is not accessed by minors or by users in unauthorised jurisdictions, and assists with fraud prevention;
- **Pre-commitment to deposit and loss limits:** BlueBet allows customers to set limits on how much they can deposit or lose within a specified period (e.g. maximum deposit amount of \$100 per seven days). Any increase to pre-commitment limits is subject to a seven-day cooling-off period. A decrease or tightening of a limit may be implemented immediately. BlueBet does not offer lines of credit to any customers;
- **'Take a break' and permanent self-exclusion:** BlueBet customers may at any time close their account for a specified period or permanently. BlueBet ensures strict compliance with any requests for account closure;
- **Relationships:** BlueBet provides easy access to links and information of national gambling helplines and other relevant organisations;
- **Training:** BlueBet provides extensive training to its staff on responsible gambling, the requirements of the AML/CTF ACT and the National Consumer Protection Framework for Online Wagering; and
- **Responsible marketing:** BlueBet is committed to ensuring that the content of its marketing meets all regulatory standards, including the National Consumer Protection Framework for Online Wagering (and associated legislation) and the Australian Association of National Advertisers (**AANA**) Wagering Advertising and Marketing Code.

3.10 KEY STRENGTHS

The BlueBet business has a number of key strengths that position it to compete strongly in its target markets:

Figure 3.22: Key Strengths

Track record of sustainable growth augmented by strong profitability

BlueBet grew Turnover during CY20 by 63% on CY19, which was further supported by strong profitability with an EBITDA margin of 26%. This profitable growth was supported by BlueBet's targeted, cost-effective marketing campaigns, which drive BlueBet's attractive returns, as demonstrated by:

- an economical Cost per First-Time Depositor of \$170;
- strong average Annual Customer Value \$1,117; and
- an Average Annual Customer Value to Cost per First-Time Depositor ratio of 6.6x.

BlueBet's disciplined investment in growing its business has allowed BlueBet to increase key operating metrics to:

- 6.0 million Bet Count in the 12 months to 31 March 2021, representing 129.6% versus pcp;
- over 92,000 Total Registered Customers in 12 months to the date of this Prospectus. Total Registered Customers grew 51.6% versus pcp; and
- over 27,000 Active Customers as at the date of this Prospectus. Active Customers grew 32.7% in the 12 months to 31 March 2021, representing 32.7% versus pcp.

BlueBet's strong operational performance has translated to healthy financial results, with:

- \$390 million in Turnover forecast for CY21, representing +47% versus pcp;
- \$39.8 million Net Win forecast for CY21, representing +40% versus pcp; and
- 10.2% Net Win margin forecast for CY21.

This track record of managed investment and sustainable growth has meant BlueBet has not used additional external equity investment since it was established in 2015 and in the opinion of management, positions the Company well for further profitable growth.

<p>Scalable business model and technology platform</p>	<p>BlueBet is powered by its custom-built technology suite that includes both customer-facing technology, which drives BlueBet’s strong customer metrics, and non-customer-facing technology which enables BlueBet to scale and innovate efficiently and in a cost-effective manner. BlueBet retains intellectual property rights in all bespoke software it has developed and considers its technology systems as a key driver of financial and operational performance.</p> <p>BlueBet has developed its customer-facing technology with a mobile-first strategy, encompassing state-of-the-art native apps and a website where management focus is on delivering a premium mobile experience to the customer. In CY20, 61% of BlueBet’s Turnover and 62% of BlueBet’s Bet Count were conducted via its mobile apps. Notably, BlueBet’s ‘acquired on apps’ margin in CY20 was 4.3 percentage points above the overall business margin.</p> <p>Controlling its own technology allows BlueBet to be agile and dynamic with regard to product development and innovation, and provides management with optimal control over the product road map of the business.</p>
<p>Growth strategy</p>	<p>The Company is well positioned to capitalise on future growth opportunities through a dual-growth strategy focused on further:</p> <ul style="list-style-type: none"> • increasing its market share in Australia; and • seeking to enter the US online sports betting market to take advantage of the considerable market opportunity created as a result of legislative reform legalising online sports wagering. <p>The Company’s US market entry strategy is targeting five priority states for its initial market entry as a B2C wagering provider, in order to establish an initial footprint. BlueBet will be committing marketing spend in these states where it does acquire a licence to drive scale. BlueBet has identified these states based on a range of factors, including status of legislation, population size and commercially acceptable taxation and regulatory requirements. Once established in the US market, the Company intends to launch its Sportsbook-as-a-Solution offering through partnerships and joint ventures with US entities, reducing capital required and risk in major states. The Company’s US strategy is in line with the overall strategy to grow in an aggressive but cost-effective manner.</p>
<p>Strong industry fundamentals</p>	<p>Australia has the highest per capita gambling expenditure in the world. Since 2000–2001, sports betting has grown at an overall CAGR of 5.1%, with racing growing at a CAGR of 3.8% and other sports (non-racing) growing at a CAGR of 19.0% during the period¹. In 2019–2020, online sports betting expenditure is estimated to have reached \$3.1 billion, and is forecast to reach \$3.9 billion in 2020–2021².</p> <p>A considerable market opportunity also exists for the Company in the US. Analysts are variously forecasting that by 2025, the US market will be worth US\$8.5 billion (\$10.9 billion) to US\$13.5 billion (\$17.3 billion)³. If all 50 states were to fully legalise mobile sports betting, it is estimated the market would be worth at least US\$22 billion (\$28.2 billion) in annual revenue⁴.</p> <p>The Company is well positioned to capitalise on the strong industry fundamentals in Australia, as evidenced by the BlueBet’s growing market share. Additionally, the Company is well placed to benefit from the US market opportunity. It is in advanced negotiations with an existing wagering licence holder in Iowa to enter into a partnership or a Skin, which would enable it to commence the licensing process. In May 2021, BlueBet also applied for an online wagering licence with Virginia Lottery.</p>
<p>Highly experienced management team</p>	<p>BlueBet boasts a high-quality management team, led by founder Michael Sullivan, with significant experience in, and knowledge of, the wagering industry. The majority of this management team have long tenure with BlueBet and this has been important in the Company establishing a solid foundation for future growth.</p> <p>The BlueBet team also includes an experienced Board and senior management team, including several key executives who have held senior management and other leadership positions with well-known wagering and gaming companies, including Sportingbet, Centrebet and Aristocrat. The Company intends to draw upon this industry experience in executing on its growth strategy.</p>

1. Frost and Sullivan, *The Online Sports Betting Market, Independent Expert Report* (see Section 2.2.2.1)

2. Frost and Sullivan, *The Online Sports Betting Market, Independent Expert Report* (see Section 2.2.2.2)

3. Frost and Sullivan, *The Online Sports Betting Market, Independent Expert Report* (see Section 2.3.6.2)

4. Frost and Sullivan, *The Online Sports Betting Market, Independent Expert Report* (see Section 2.3.6.2)

A black and white photograph of a large crowd of spectators at a sports event. In the foreground, a long banner with the 'BlueBet' logo is visible. The crowd is dense and extends into the background. Some individuals in the crowd are wearing jerseys with 'ALLAM' and 'OAK' logos. The scene is lit with bright overhead lights, creating a high-contrast environment.

BlueBet

4. FINANCIAL INFORMATION

4. FINANCIAL INFORMATION

4.1 INTRODUCTION

As outlined in Section 9.3, BlueBet will undergo a Restructure at the Completion of the Offer. As a result of this Restructure, the forecast financial information relates to the Group. The historical financial information relates to BlueBet Pty Ltd. The financial information contained in this Section 4 includes:

- historical financial information for the financial years ended 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**) and for the half years ended 31 December 2019 (**1H FY20**) and 31 December 2020 (**1H FY21**); and
- forecast financial information for the financial years ending 30 June 2021 (**FY21**), the 12-month period ending 31 December 2021 (**CY21**) on a pro forma basis, and for the half-year ending 31 December 2021 (**1H FY22**).

Table 4.1: Overview of BlueBet's Financial Information

DEFINITIONS	STATUTORY FINANCIAL INFORMATION	PRO FORMA FINANCIAL INFORMATION
Historical Financial Information	Statutory Historical Financial Information comprises the following: <ul style="list-style-type: none"> • statutory historical statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20 (Statutory Historical Income Statements); • statutory historical cash flows for 1H FY20, 1H FY21, FY19 and FY20 (Statutory Historical Cash Flows); and • statutory historical statement of financial position as at 31 December 2020 (Statutory Historical Statement of Financial Position). 	Pro Forma Historical Financial Information comprises the following: <ul style="list-style-type: none"> • pro forma historical statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20 (Pro Forma Historical Income Statements); • pro forma historical cash flows for 1H FY20, 1H FY21, FY19 and FY20 (Pro Forma Historical Cash Flows); and • pro forma historical statement of financial position as at 31 December 2020 (Pro Forma Historical Statement of Financial Position).
Forecast Financial Information	Statutory Forecast Financial Information comprises the following: <ul style="list-style-type: none"> • statutory forecast statements of profit or loss for FY21 and 1H FY22 (Statutory Forecast Income Statements); and • statutory forecast cash flows for FY21 and 1H FY22 (Statutory Forecast Cash Flows). 	Pro Forma Forecast Financial Information comprises the following: <ul style="list-style-type: none"> • pro forma forecast statements of profit or loss for FY21, CY21 and 1H FY22 (Pro Forma Forecast Income Statements); and • pro forma forecast cash flows for FY21, CY21 and 1H FY22 (Pro Forma Forecast Cash Flows).

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

BlueBet reports on a 30 June financial year basis. In addition to the FY21 forecast, BlueBet has also included a pro forma forecast for CY21. BlueBet does not report on a calendar year basis and accordingly no Statutory Forecast Financial Information is presented for the CY21 forecast period. However, the Statutory Forecast Financial Information for 1H FY22 is presented as this is a statutory (half-year) period which will be reported on at the time of announcement of the interim results for 1H FY22F in February 2022. While CY20 is not disclosed as part of the Financial Information defined above, as part of the management discussion and analysis of CY21 in Section 4.9, a comparison against CY20 has been provided to illustrate the movements between CY21 and the prior corresponding period.

Figure 4.1: Overview of the Financial Information contained in Section 4



Also summarised in this Section are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- an explanation of certain financial and other measures that are not recognised by the Australian Accounting Standards nor the International Financial Reporting Standards (**IFRS**), which are used by BlueBet and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.4) (**Non-IFRS financial and other measures**);
- pro forma adjustments and reconciliations of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (see Section 4.3.3, Section 4.5.3 and Section 4.6);
- a summary of BlueBet's key operating and financial metrics (see Section 4.4);
- details of BlueBet's indebtedness (see Section 4.6.1);
- the best-estimate general and specific assumptions underlying the Forecast Financial Information (see Section 4.8.1 and Section 4.8.2);
- management's discussion and analysis of the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (see Section 4.7 and Section 4.9);
- an analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (see Section 4.10); and
- BlueBet's proposed dividend policy (see Section 4.11).

The Financial Information, as defined above, has been reviewed by Ernst & Young Strategy and Transactions Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of this report (see Section 8).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. In addition, the Group's significant accounting policies are set out in Appendix A.

Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are in thousands rounded to one decimal place. Rounding of figures provided in the financial information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations. Citation of dollar values in tables and both accompanying and individual commentary is predominately in thousands of dollars (\$000's). Where appropriate, for larger numerical amounts, citation is in millions of dollars.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding BlueBet's historical financial performance, cash flows and financial position together with the Forecast Financial Information.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with IFRS issued by the International Accounting Standards Board (**IASB**).

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and the Statutory Forecast Financial Information respectively adjusted for certain transactions and pro forma adjustments as described further below.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared in accordance with the recognition and measurement principles contained in AAS other than that they include adjustments that have been prepared in a manner consistent with AAS that reflect: (i) the recognition of certain items in periods different from the applicable period under AAS; (ii) the exclusion of certain transactions that occurred or are forecast to occur in the relevant periods; and (iii) the impact of certain transactions as if they occurred on or before 1 July 2018 in the Pro Forma Historical Financial Information or on or after 1 July 2020 in the Pro Forma Forecast Financial Information.

BlueBet currently considers its operations as a single business operation and there are no parts of the operations or geographies that qualify as a separate operating segment as defined by AASB 8 Operating Segments.

In addition to the Financial Information, Section 4 includes non-IFRS financial and other measures that BlueBet uses to manage and report on its business that are not defined under or recognised by AAS or IFRS, set out in Section 4.2.4.

Due to their nature, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial position, financial performance, or cash flows of BlueBet. BlueBet believes that pro forma information permits investors to examine what it considers to be the financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not contain all the presentation and disclosures, statements or comparative information as required by AAS applicable to general-purpose financial reports prepared in accordance with the Corporations Act.

The information in this Section 4 should also be read in conjunction with the management discussion and analysis in Section 4.7 and Section 4.9 and the Directors' best-estimate general and specific assumptions underlying the Forecast Financial Information in Section 4.8.

4.2.2 Preparation of Historical Financial Information

The operating activities and financial results of the business as described below relate to BlueBet Pty Ltd. The Restructure will be undertaken immediately following Settlement of the Offer and prior to the issue of Shares under the Offer, at which point BlueBet Pty Ltd will become a wholly owned subsidiary of the Company. Refer to Section 9.3 for further details about the Restructure.

The Statutory Historical Financial Information for FY19 and FY20 has been derived from the general-purpose financial statements of BlueBet Pty Ltd for FY19 and FY20. Certain reclassifications within Net Revenue have been made to the historical financial information disclosed in these financial statements to derive the Statutory Historical Financial Information. This did not have any impact on Net Revenue or EBITDA (as these terms are defined in Section 4.2.4) or net profit after tax (**NPAT**). The financial statements for FY19 and FY20 were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unmodified audit opinions on these financial statements.

The Statutory Historical Financial Information for 1H FY20 and 1H FY21 has been derived from the half-year interim financial statements of BlueBet Pty Ltd for 1H FY21 (which included comparative financial information for 1H FY20). The half-year financial statements for 1H FY21 were reviewed by Ernst & Young on which an unmodified limited assurance conclusion was issued.

The general-purpose financial statements of BlueBet Pty Ltd for FY19 and FY20 and the interim financial statements of BlueBet Pty Ltd for 1H FY20 have been lodged with ASIC.

The Pro Forma Historical Income Statements and the Pro Forma Historical Cash Flows have been prepared for the purpose of inclusion in this Prospectus and have been derived from the Statutory Historical Income Statements and Statutory Historical Cash Flows respectively and adjusted for the effects of the pro forma adjustments described in Section 4.3.3, Section 4.5.3 and Section 4.6 of this Prospectus. In particular, pro forma adjustments have been made to reflect:

- the impact of the Offer, including costs directly attributable to the Offer and to BlueBet's Listing on ASX;
- the impact of additional public company costs which represent the Company's estimate of the incremental annual Board, Listing and other costs such as Directors' fees, Share Registry costs, directors' and officers' insurance premiums, annual report costs and professional fees (such as incremental audit and legal fees) it will incur operating as a listed company;
- the impact of the newly appointed key executive's salary, in addition to incentives (as described in Section 6.4) to be provided to Non-Executive Directors and key executives which are contingent on a successful IPO; and
- the tax impacts of the above adjustments.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the actual or future financial position of BlueBet.

4.2.3 Basis of preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus based on an assessment of current economic and operating conditions, including the impact of the COVID-19 pandemic, and should be read in conjunction with the Directors' best-estimate general and specific assumptions set out in Section 4.8, the sensitivity analysis described in Section 4.10, the risk factors described in Section 5, the significant accounting policies set out in Appendix A, and the other information in this Prospectus.

The inclusion of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that these differences may have a material effect on BlueBet's actual financial performance or cash flows.

The Forecast Financial Information excludes any potential revenue generated from the Company's proposed expansion into the US. However, the Forecast Financial Information includes the initial start-up costs such as licensing costs, salaries and wages and other operating expenses that BlueBet expects to incur up to 31 December 2021.

In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of BlueBet, the Directors and management, and are not predictable. Accordingly, none of BlueBet, the Directors, management, or any other person can give investors any assurance that the events and outcomes discussed in the Forecast Financial Information will arise. Events and outcomes may differ in amount and timing from the assumptions and may have a material impact on the actual results for FY21, CY21 and 1H FY22.

The Directors have prepared the Forecast Financial Information with due care and attention and consider all general and specific assumptions, when taken as a whole, to be reasonable at the time of preparation of this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. It is not intended that the Forecast Financial Information or other forward-looking statements be updated or revised, nor is it intended that prospective financial information will be published in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

The Forecast Financial Information has been prepared and presented on both a statutory and pro forma basis except for CY21, which has been prepared on a pro forma basis only. The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information for FY21 include the actual results of BlueBet for 1H FY21 and the forecast results for the remainder of FY21. The Pro Forma Forecast Financial Information for CY21 takes into account the actual results of BlueBet up till 30 April 2021 and the forecast results for the remainder of CY21.

In preparing the Pro Forma Forecast Financial Information for FY21, pro forma adjustments have been made to the Statutory Forecast Financial Information to reflect the following:

- exclude the impact of the Offer, including costs attributable to the Offer and to BlueBet's Listing on ASX;
- the impact of additional public company costs, which represent BlueBet's estimate of the incremental annual board, listing and other costs (such as Directors' fees, Share Registry costs, directors' and officers' insurance premiums, annual report costs and professional fees (e.g. incremental audit and legal fees) it will incur operating as a listed company;
- the impact of the newly appointed key executive's salary, in addition to long-term incentives (as described in Section 6.4) to be provided to Non-Executive Directors and key executives; and
- the tax impacts of the above adjustments.

Section 4.3.3 sets out the pro forma adjustments made to the Statutory Forecast Income Statements and a reconciliation of the Statutory Forecast Income Statements to the Pro Forma Forecast Income Statements. Section 4.5.3, similarly sets out the pro forma adjustments to the statutory net cash flow and a reconciliation of the Statutory Forecast Cash Flows to the Pro Forma Forecast Cash Flows.

4.2.4 Non-IFRS financial and other measures

Certain financial and other measures included in this Prospectus are not recognised under AAS or IFRS. These measures are collectively referred to in this Prospectus and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information as non-IFRS financial and other measures.

These non-IFRS financial and other measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although BlueBet believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the statements of profit or loss, and statements of financial position and cash flows that have been presented in accordance with the AAS and IFRS, not as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial and other measures included in the Prospectus.

The principal non-IFRS financial and other measures that are referred to in this Prospectus are discussed below.

- **Turnover** is the stake (money) a customer puts at risk when they place a bet on an event.
- **Gross Win** is calculated as the dollar amount received from customers who placed losing bets less the dollar amount paid to customers who placed winning bets, excluding customer promotional costs.
- **Gross Revenue** is calculated as Gross Win less GST.
- **Net Win** is calculated as the Gross Win less customer promotional costs (the costs incurred to acquire and retain customers through bonus bets, money-back offers, early payouts and enhanced pricing initiatives).
- **Net Revenue** is measured at the fair value of the consideration received or receivable from customers less GST, free bets, promotions, bonuses and other fair value adjustments. Net Revenue is consistent with 'Wagering Revenue' as disclosed in BlueBet's statutory financial statements.
- **Cost of Sales** includes expenses directly attributable to BlueBet's wagering offering, including wagering levies, POC taxes, fees paid to affiliate partners and merchant fees.
- **Gross Profit** is Net Revenue less Cost of Sales.
- **Gross Profit Margin** is Gross Profit divided by Net Revenue expressed as a percentage.
- **EBITDA** is earnings/(losses) before interest (net finance income), taxation, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. BlueBet also calculates **EBITDA margin**, which is EBITDA expressed as a percentage of Net Revenue. EBITDA margin can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of financial performance or cash flow under IFRS and investors should not consider EBITDA or EBITDA margin in isolation from, or as a substitute for, an analysis of the results of BlueBet's operations.
- **EBIT** is earnings/(losses) before interest (net finance income) and taxation.

- **Capital expenditure** is a combination of capitalised development costs and other costs related to property, plant and equipment, government licence fees and market access capitalised expenditure.
- **Working capital** includes trade and other receivables and other current assets less trade and other payables, other current liabilities and provisions.
- **Active Customers** are Registered Customers that have placed a bet in the preceding 12 months.
- **Bet Count** refers to the number of bets placed in the relevant period.

4.3 HISTORICAL AND FORECAST INCOME STATEMENTS

4.3.1 Pro Forma Historical Income Statements for FY19 and FY20, Pro Forma Forecast Income Statements for FY21 and CY21 and Statutory Forecast Income Statement for FY21

Table 4.2 sets out the Pro Forma Historical Income Statements for FY19 and FY20, Pro Forma Forecast Income Statements for FY21 and CY21 and Statutory Forecast Income Statement for FY21.

Table 4.2: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Income Statements

\$000'S	NOTES	PRO FORMA HISTORICAL		PRO FORMA FORECAST		STATUTORY FORECAST
		FY19	FY20	FY21	CY21	FY21
Net Revenue		9,575	16,808	31,388	36,201	31,388
Cost of Sales		(4,559)	(6,859)	(13,203)	(14,751)	(13,203)
Gross Profit		5,016	9,950	18,185	21,450	18,185
Employee expenses	1	(2,527)	(2,567)	(3,598)	(5,022)	(3,154)
Advertising and marketing expenses		(1,860)	(1,621)	(5,368)	(9,526)	(5,368)
Product and technology expenses		(144)	(245)	(938)	(1,559)	(938)
Administration and other expenses	2	(1,674)	(1,482)	(1,838)	(2,962)	(1,373)
IPO expenses	3	0	0	0	0	(2,666)
Total operating expenses		(6,206)	(5,915)	(11,742)	(19,069)	(13,499)
EBITDA		(1,190)	4,035	6,443	2,380	4,685
Depreciation and amortisation expense		(144)	(132)	(75)	(128)	(75)
EBIT		(1,334)	3,903	6,367	2,252	4,610
Interest expense		(40)	(64)	(36)	(27)	(36)
Profit/(loss) before income tax		(1,374)	3,839	6,332	2,225	4,575
Income tax benefit/(expense)	4	0	196	(1,646)	(573)	(1,449)
Net profit/(loss) after income tax		(1,374)	4,035	4,686	1,652	3,125

Notes:

1. Employee expenses include pro forma adjustments for Non-Executive Directors' fees, and a key executive appointment.
2. Administration and other expenses include pro forma adjustments for listed public company costs.
3. IPO Expenses represent those transaction costs associated with the Offer, which are expensed for accounting purposes.
4. Income tax expense includes the tax effect of the above pro forma adjustments.

4.3.2 Pro Forma Historical Income Statements for 1H FY20 and 1H FY21 and Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for 1H FY22

Table 4.3 sets out the Pro Forma Historical Income Statements for 1H FY20 and 1H FY21 and Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for 1H FY22.

Table 4.3: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Income Statements

\$000'S	NOTES	PRO FORMA HISTORICAL		PRO FORMA FORECAST	STATUTORY FORECAST
		1H FY20	1H FY21	1H FY22	1H FY22
Net Revenue		6,318	15,443	20,255	20,255
Cost of Sales		(2,155)	(6,522)	(8,069)	(8,069)
Gross Profit		4,163	8,921	12,186	12,186
Employee expenses	1	(1,139)	(1,640)	(3,065)	(3,065)
Advertising and marketing expenses		(694)	(2,099)	(6,257)	(6,257)
Product and technology expenses		(84)	(194)	(815)	(815)
Administration and other expenses	2	(819)	(818)	(1,943)	(1,943)
Share-based payment expense	3	-	-	-	(882)
Total operating expenses		(2,736)	(4,752)	(12,079)	(12,961)
EBITDA		1,427	4,169	107	(775)
Depreciation and amortisation expense		(63)	(69)	(121)	(121)
EBIT		1,364	4,100	(14)	(896)
Interest expense		(46)	(30)	(22)	(22)
Profit/(loss) before income tax		1,318	4,070	(37)	(918)
Income tax benefit/(expense)	4	610	(1,064)	9	9
Net profit/(loss) after income tax		1,929	3,006	(27)	(909)

Notes:

1. Employee expenses include pro forma adjustments for Non-Executive Directors' fees and a key executive appointment.
2. Administration and other expenses include pro forma adjustments for listed public company costs.
3. Share-based employee expense represents the vesting of share options granted to key executives and Non-Executive Directors as part of the Offer. See terms of this grant in Section 6.5.
4. Income tax expense includes the tax effect of the above pro forma adjustments.

4.3.3 Pro Forma Adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements

Table 4.4 sets out the pro forma adjustments that have been made to statutory EBITDA in the historical and forecast periods.

Table 4.4: Pro Forma Adjustments to the Statutory Historical and Statutory Forecast EBITDA

\$000'S	NOTES	HISTORICAL		FORECAST	HISTORICAL		FORECAST
		FY19	FY20	FY21	1H FY20	1H FY21	1H FY22
Statutory EBITDA		(190)	5,035	4,685	1,987	4,664	(775)
Listed public company costs	1	(410)	(410)	(465)	(265)	(200)	0
Director & key employee costs	2	(590)	(590)	(444)	(295)	(295)	0
IPO expenses	3	0	0	2,666	0	0	0
Share-based payment expenses	4						882
Pro Forma EBITDA		(1,190)	4,035	6,443	1,427	4,169	107

Notes:

1. Listed public company costs represents the Company's estimate of incremental costs that it will incur as a listed company. These incremental costs include annual Listing and other costs such as Share Registry costs, director and officers' insurance premiums, annual report costs and professional fees (such as incremental audit and legal fees).
2. Director and key employee costs represents an estimate of additional Non-Executive Directors' fees and the addition of a key executive appointment.
3. IPO expenses represent those transaction costs associated with the Offer which are expensed for accounting purposes.
4. Share-based employee expense represents the vesting of share options granted to key executives and Non-Executive Directors as part of the Offer. See terms of this grant in Section 6.5.

Table 4.5 sets out the pro forma adjustments that have been made to Statutory NPAT in the Historical and Forecast periods.

Table 4.5: Pro Forma Adjustments to the Statutory Historical and Statutory Forecast NPAT

\$000'S	NOTES	HISTORICAL		FORECAST	HISTORICAL		FORECAST
		FY19	FY20	FY21	1H FY20	1H FY21	1H FY22
Statutory NPAT		(374)	4,485	3,125	2,335	3,372	(909)
Listed public company costs	1	(410)	(410)	(465)	(265)	(200)	0
Director & key employee costs	2	(590)	(590)	(444)	(295)	(295)	0
IPO expenses	3	0	0	2,666	0	0	0
Share-based payment expense	4	0	0	0	0	0	882
Tax impact of pro forma adjustments	5	0	550	(197)	154	129	0
Pro Forma NPAT		(1,374)	4,035	4,686	1,929	3,006	(27)

Notes:

For Notes 1 to 4, see Table 4.4.

5. Represents the tax effect of the above pro forma adjustments.

4.3.4 Statutory Historical Income Statements

Table 4.6 sets out the Statutory Historical Income Statements for FY19, FY20, 1H FY20 and 1H FY21.

Table 4.6: Statutory Historical Income Statements

\$000'S	STATUTORY HISTORICAL		STATUTORY HISTORICAL	
	FY19	FY20	1H FY20	1H FY21
Net Revenue	9,575	16,808	6,318	15,443
Cost of Sales	(4,559)	(6,859)	(2,155)	(6,522)
Gross Profit	5,016	9,950	4,163	8,921
Employee expenses	(1,937)	(1,977)	(844)	(1,345)
Advertising and marketing expenses	(1,860)	(1,621)	(694)	(2,099)
Product and technology expenses	(144)	(245)	(84)	(194)
Administration and other expenses	(1,264)	(1,072)	(554)	(618)
Total operating expenses	(5,206)	(4,915)	(2,176)	(4,257)
EBITDA	(190)	5,035	1,987	4,664
Depreciation and amortisation expense	(144)	(132)	(63)	(69)
EBIT	(334)	4,903	1,924	4,595
Interest expense	(40)	(64)	(46)	(30)
Profit/(loss) before income tax	(374)	4,839	1,878	4,565
Income tax benefit/(expense)	0	(354)	456	(1,193)
Net profit/(loss) after income tax	(374)	4,485	2,335	3,372

4.4 KEY PRO FORMA OPERATING AND FINANCIAL METRICS

Table 4.7 sets out the key Pro Forma Historical and Forecast operating and financial metrics.

Table 4.7: Key operating and financial metrics

\$000'S	NOTES	PRO FORMA HISTORICAL		PRO FORMA FORECAST	PRO FORMA HISTORICAL		PRO FORMA FORECAST
		FY19	FY20	FY21	1H FY20	1H FY21	1H FY22
Key operating metrics							
Active Customers (at period end)	1	19,946	22,289	27,925	19,480	25,541	39,854
First-Time Depositor	2	14,520	14,706	16,491	6,097	9,195	14,948
Bet Count	3	2,287,213	3,407,786	6,372,458	1,313,083	3,051,902	4,380,660
Turnover (\$)		168,855	188,066	336,030	86,501	164,763	219,033
Gross Win (\$)		15,032	22,543	42,225	8,756	21,093	27,248
Gross Win (%)		8.9%	12.0%	12.6%	10.1%	12.8%	12.4%
Net Win (\$)		10,532	18,489	34,527	6,949	16,987	22,281
Net Win (%)		6.2%	9.8%	10.3%	8.0%	10.3%	10.2%
Key financial metrics							
Gross Revenue (\$)	4	13,665	20,494	38,386	7,960	19,176	24,771
Net Revenue (\$)	5	9,575	16,808	31,388	6,318	15,443	20,255
Net Revenue (% of Gross Revenue)		70.1%	82.0%	81.8%	79.4%	80.5%	81.8%
Net Revenue growth (%)		24.2%	75.5%	86.7%	26.6%	144.4%	31.2%
Gross profit margin (%)	6	52.4%	59.2%	57.9%	65.9%	57.8%	60.2%
EBITDA margin (%)	7	(12.4%)	24.0%	20.5%	22.6%	27.0%	0.5%
Operating Expenses as a % of Revenue	8	64.8%	35.2%	37.4%	43.3%	30.8%	59.6%
Advertising and marketing expenses (\$)		1,860	1,621	5,368	694	2,099	6,257
Product and technology expenses (\$)		144	245	938	84	194	815

Notes:

1. Active Customers are Registered Customers that have placed a bet in the preceding 12-month period.
2. First-Time Depositor represents customers that have made a first-time deposit in the relevant period.
3. Bet Count is the number of bets placed in the relevant period.
4. The difference between Gross Win and Gross Revenue is due to GST.
5. The difference between Net Win and Net Revenue is due to GST.
6. Calculated as Gross Profit as a percentage of Net Revenue.
7. Calculated as EBITDA as a percentage of Net Revenue.
8. Calculated as Operating Expenses as a percentage of Net Revenue.

4.5 HISTORICAL AND FORECAST CASH FLOWS

4.5.1 Pro Forma Historical Cash Flows for FY19, FY20, 1H FY20 and 1H FY21, Statutory Forecast Cash Flows for FY21, 1H FY22 and Pro Forma Forecast Cash Flows for FY21, CY21 and 1H FY22

Table 4.8 provides the Pro Forma Historical Cash Flows for FY19, FY20, 1H FY20 and 1H FY21, Statutory Forecast Cash Flows for FY21 and 1H FY22 and Pro Forma Forecast Cash Flows for FY21, CY21 and 1H FY22.

Table 4.8: Pro Forma Historical, Statutory Forecast and Pro Forma Forecast Cash Flows

\$000'S	NOTES	PRO FORMA HISTORICAL		PRO FORMA FORECAST		STATUTORY FORECAST	PRO FORMA HISTORICAL		PRO FORMA FORECAST	STATUTORY FORECAST
		FY19	FY20	FY21	CY21	FY21	1H FY20	1H FY21	1H FY22	1H FY22
EBITDA	1	(1,190)	4,035	6,443	2,380	4,685	1,427	4,169	107	(775)
Change in working capital	2	635	1,127	(194)	129	(194)	(199)	303	627	627
Income tax paid	3	0	0	(1,122)	(2,455)	(1,122)	0	(550)	(1,883)	(1,883)
Share-based payment expense	4									882
Interest paid		(40)	(64)	(41)	(33)	(41)	(46)	(30)	(22)	(22)
Operating cash flow (excluding client deposits on hand movement)		(594)	5,098	5,085	22	3,328	1,182	3,892	(1,171)	(1,171)
Client deposits on hand movement	5	412	(195)	858	556	858	(159)	685	383	383
Operating cash flow before investing activities, financing activities and tax		(182)	4,903	5,943	579	4,186	1,023	4,577	(788)	(788)
Capitalised costs	6	0	0	(150)	(1,468)	(150)	0	0	(1,318)	(1,318)
Purchase of property, plant and equipment		(5)	(99)	(61)	0	(61)	(6)	(61)	0	0
Net cash flows before financing activities and tax		(186)	4,804	5,733	(889)	3,975	1,016	4,516	(2,106)	(2,106)
Proceeds & repayments from chattel mortgages		(13)	101	(34)	(35)	(34)	(8)	(17)	(18)	(18)
Repayment of leases		(88)	(100)	(99)	(168)	(99)	(45)	(47)	(116)	(116)
Movement of Director loan	7,8	(464)	(716)	0	0	0	(571)	0	0	0
Dividends paid	8	0	(903)	(2,564)	(1,339)	(2,564)	0	(1,225)	0	0
Share issue		0	0	0	0	50,000	0	0	0	0
IPO expenses taken to equity	9	0	0	0	0	(2,612)	0	0	0	0
Employee option purchase	10	0	0	0	0	533	0	0	0	0
Net cash flows	3	(751)	3,187	3,036	(2,431)	49,200	393	3,227	(2,240)	(2,240)

Notes:

1. Refer to Table 4.3 for items within EBITDA.
2. Working capital comprises trade and other receivables and other current assets less trade and other payables, other current liabilities and provisions.
3. Income tax paid for the pro forma historical and forecast periods excludes the cash tax effect of notional deductions associated with the pro forma adjustments detailed in Section 4.3.3.
4. Share-based employee expense represents the vesting of share options granted to key executives and Non-Executive Directors as part of the Offer. See terms of this grant in Section 6.5.
5. Customer cash liabilities movement represents the net deposits from customers into their BlueBet account during the period.
6. Capitalised costs refer to application and licence fees attributable to the US business as well as platform development costs incurred to modify the platform and website for the US market.
7. Repayment of Director loan represents loan repayments made to the sole Shareholder and Director of BlueBet Pty Ltd prior to the Restructure. The loan from the sole Shareholder and Director of BlueBet Pty Ltd was fully extinguished as at 30 June 2020.
8. Dividends paid represents dividends paid to the sole Shareholder of BlueBet Pty Ltd prior to the Restructure. Details of dividends paid subsequent to 31 December 2020 but prior to the Restructure are shown in Section 4.6.1. Additionally, during the second half of FY21 a loan of \$5,759k was extended to Michael Sullivan, then the sole Director and sole Shareholder. This loan was repaid in full during the second half of FY21, by way of cash repayment of \$4,420k and a dividend declared to Michael Sullivan, as the sole Shareholder, of \$1,339k.
9. IPO expenses taken to equity represents those share of transaction costs associated with the Offer.
10. Employee option purchase represents the gross proceeds of option premiums paid by participating employee Shareholders.

4.5.2 Statutory Historical Cash Flows

Table 4.9 sets out the Statutory Historical Cash Flows for FY19, FY20, 1H FY20 and 1H FY21.

Table 4.9: Statutory Historical Cash Flows

\$000'S	NOTES	FY19	FY20	1H FY20	1H FY21
Statutory EBITDA	1	(190)	5,035	1,987	4,664
Change in working capital	2	635	1,127	(199)	303
Income tax paid		0	0	0	(550)
Interest paid		(40)	(64)	(46)	(30)
Operating cash flow (excluding client deposits on hand movement)		406	6,098	1,742	4,387
Client deposits on hand movement	3	412	(195)	(159)	685
Operating cash flow before investing activities, financing activities and tax		818	5,903	1,583	5,072
Purchase of property, plant and equipment		(5)	(99)	(6)	(61)
Net cash flows before financing activities and tax		814	5,804	1,576	5,011
Proceeds & repayments from chattel mortgages		(13)	101	(8)	(17)
Repayment of leases		(88)	(100)	(45)	(47)
Repayment of loan from Director	4	(464)	(716)	(571)	0
Dividends paid	5	0	(903)	0	(1,225)
Net cash flows		249	4,187	953	3,722

Notes:

1. Refer to Table 4.6 for a reconciliation of the statutory profit and loss to EBITDA.
2. Working capital comprises trade and other receivables and other current assets less trade and other payables, other current liabilities and provisions.
3. Client deposits on hand movement represents the net deposits from customers into their BlueBet account during the period.
4. Repayment of Director loan represents loan repayments made to sole Shareholder and Director of BlueBet Pty Ltd prior to the Restructure. The loan was fully repaid as at 30 June 2020.
5. Dividends paid represents dividends paid to the sole Shareholder of BlueBet Pty Ltd prior to the Restructure. Details of dividends paid subsequent to 31 December 2020 but prior to the Restructure are shown in Section 4.6.1.

4.5.3 Pro Forma Adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

Table 4.10 sets out a reconciliation of the Statutory Net Cash Flow to the Pro Forma Cash Flow.

Table 4.10: Pro Forma Adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

\$000'S	NOTES	HISTORICAL		FORECAST	HISTORICAL		FORECAST
		FY19	FY20	FY21	1H FY20	1H FY21	1H FY22
Statutory Net Cash Flow		249	4,187	49,200	953	3,722	(2,240)
Listed public company costs	1	(410)	(410)	(465)	(265)	(200)	0
Director & key employee costs	2	(590)	(590)	(444)	(295)	(295)	0
LTIP Consideration	3	0	0	(533)	0	0	0
Impact of Offer	4	0	0	(44,722)	0	0	0
Pro Forma Net Cash Flow		(751)	3,187	3,036	393	3,227	(2,240)

Notes:

For Notes 1 and 2, see Table 4.4. These costs are presented net of refundable GST, where applicable.

- LTIP Consideration (\$533k) reflects the gross proceeds of option premium paid by participating employee Shareholders.
- Net IPO proceeds reflects the sum of gross proceeds of the Offer of \$50,000k less estimated associated costs of the Offer of \$5,278k. Costs of the Offer are presented net of refundable GST, where applicable.

Income tax paid for the pro forma historical and forecast periods excludes the cash tax effect of notional deductions associated with the pro forma adjustments detailed in Section 4.3.3.

4.6 STATUTORY HISTORICAL AND PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION

Table 4.11 sets out the Statutory Historical Statement of Financial Position of BlueBet Pty Ltd as at 31 December 2020, adjusted for certain pro forma adjustments to take into account the effect of the Offer and other items as set out below. These adjustments reflect the impact of the change in capital structure that will take place as part of the Offer, (as detailed in Section 9.3 of the Prospectus), as if this occurred as at 31 December 2020.

Table 4.11: Statutory Historical and Pro Forma Historical Statements of Financial Position as at 31 December 2020

\$000'S	NOTES	STATUTORY HISTORICAL	IMPACT OF OFFER	LTIP CONSIDERATION	PRO FORMA HISTORICAL
Current assets					
Cash and cash equivalents	1,2	8,464	44,722	533	53,718
Trade and other receivables		-	-	-	-
Other current assets		50	-	-	50
Total current assets		8,514	44,722	533	53,768
Non-current assets					
Property, plant and equipment		248	-	-	248
Right-of-use assets		45	-	-	45
Intangibles		17	-	-	17
Deferred tax asset	1	135	877	-	1,012
Total non-current assets		445	877	-	1,322
Total assets		8,959	45,599	533	55,090
Current liabilities					
Trade and other payables		3,072	-	-	3,072
Borrowings		35	-	-	35
Lease liabilities		48	-	-	48
Income tax payable		1,133	-	-	1,133
Employee benefits		261	-	-	261
Customer deposits on hand		2,221	-	-	2,221
Total current liabilities		6,770	-	-	6,770
Non-current liabilities					
Borrowings		-	-	-	-
Lease liabilities		128	-	-	128
Employee benefits		58	-	-	58
Total non-current liabilities		186	-	-	186
Total liabilities		6,956	-	-	7,142
Net assets		2,002	45,599	533	48,134
Equity					
Share capital	1	-	47,822	-	47,822
Reserves	2	-	-	5,283	5,283
Retained Earnings / (Accumulated losses)	1,2	2,002	(2,223)	(4,750)	(4,971)
Total Equity		2,002	45,599	533	48,134

Notes:

- Impact of the Offer** reflects the gross proceeds of the Offer (\$50,000k) and estimated associated costs of the Offer (\$5,278k). The costs of the Offer in relation to proceeds of the Offer received by the Company have been recognised against share capital, net of tax effect (\$2,178k) and costs of the Offer in relation to Listing of the Company on ASX and the sale of existing shares by the Selling Shareholders have been recognised in retained earnings, net of tax effect (\$2,223k) in the Pro Forma Historical Statement of Financial Position.
- LTIP Consideration** (\$533k) reflects the gross proceeds of option premium paid by participating employee Shareholders. Total maximum vesting expense that may be recognised over the four-year term of the options is \$4,750k.

4.6.1 Indebtedness

Table 4.12 summarises the indebtedness of BlueBet as at 31 December 2020 on a statutory basis (before Completion of the Offer) and on a pro forma basis (assuming Completion of the Offer as at that date).

Table 4.12: Statutory Historical and Pro Forma Historical Indebtedness as at 31 December 2020

\$000'S	NOTES	STATUTORY HISTORICAL	PRO FORMA HISTORICAL
Cash and cash equivalents	1	8,464	53,718
Borrowings & lease liabilities	1,2	(212)	(212)
Customer deposits		(2,221)	(2,221)
Net cash		6,031	51,286

Notes:

1. The statutory and pro forma historical net cash position set out in Table 4.11 reflects the cash and cash equivalents, borrowings and lease liabilities recognised in accordance with AASB 16 Leases of BlueBet as per the Statutory and Pro Forma Historical Statement of Financial Position.
2. Lease liabilities include office premises and motor vehicles.

Subsequent to 31 December 2020, a loan of \$5,759k was extended to Michael Sullivan, sole Shareholder of BlueBet Pty Ltd at that time. The loan was fully repaid by 7 May 2021 by way of cash repayment of \$4,420k and a dividend declared to Mr Sullivan of \$1,339k. The cumulative impact of these transactions is a \$1,339k reduction in this cash balance. This has not been included as a pro forma adjustment in the table above.

Based on the above liquidity position, the Directors believe that the Company will have sufficient working capital at the time of its admission to the Official List to carry out its stated business objectives discussed in this Prospectus for the following 12 months and to meet operational requirements, capital investment in the business and the capital to support growth in its operations.

4.7 MANAGEMENT DISCUSSION & ANALYSIS OF PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.7.1 Key factors affecting BlueBet's financial performance

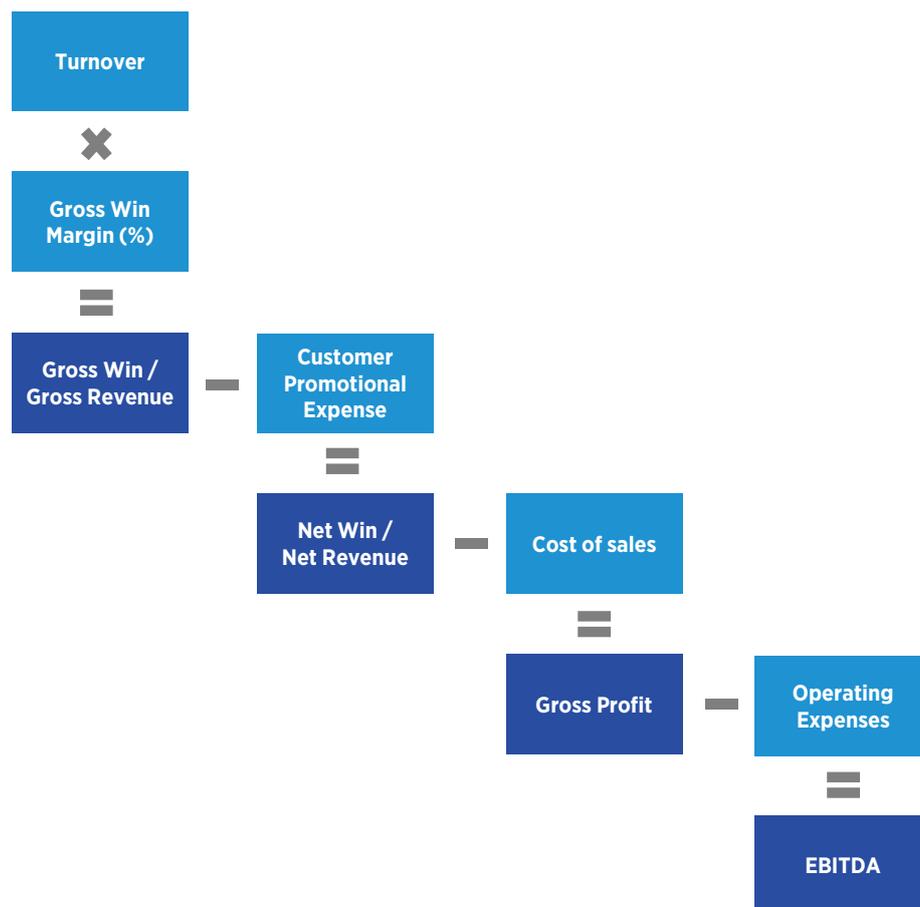
This Section 4.7 discusses the general factors that affected the operating and relative financial performance in FY19, FY20, 1H FY20 and 1H FY21 and which BlueBet expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have affected BlueBet's historical operating and financial performance, or everything that could have an impact on its operating and financial performance in the future.

Unless otherwise stated, all metrics and financial information presented in this Section 4.7, and the related commentary is on a pro forma basis only.

The key inputs into BlueBet's financial performance are demonstrated by Figure 4.2 below.

Figure 4.2: Key drivers of BlueBet's financial performance



4.7.1.1 Net Revenue

Net Revenue is measured at the fair value of the consideration received or receivable from customers less GST, free bets, promotions, bonuses and other fair value adjustments. Net Revenue is consistent with 'Wagering Revenue' as disclosed in BlueBet's statutory financial statements. The build-up of Net Revenue is shown in the above Figure 4.2.

BlueBet earns a Gross Win amount, reflecting the Turnover amount less any payouts arising from customers' winning bets on its platform. A key driver of BlueBet's financial performance is Turnover, which is when a customer puts a stake (money) at risk through placing a bet on an event through the BlueBet platform.

The key drivers of Turnover and Net Win are discussed in greater detail below.

Active Customers

The number of Active Customers betting through the BlueBet platform is a key driver of BlueBet's Turnover. At the end of FY20 the number of Active Customers was 22,334, which was an increase of 11.8% over FY19. As at the end of March 2021, BlueBet had 27,163 Active Customers, representing an increase of 21.6% since the end of FY20.

Bet Count

Another critical driver of BlueBet's Turnover is Bet Count, or the number of bets placed on the BlueBet platform. In FY20, the number of bets placed on the BlueBet platform was 3.4 million, which was an increase of 49.0% on FY19. The frequency of activity on the platform is influenced by betting content, marketing and advertising, promotions, and the quality of BlueBet's technology platform. In FY20 the number of bets placed through BlueBet's mobile apps represented 58.8%, which was up from 50.0% in FY19.

Gross Win margins

Gross Win margins reflect the ability of BlueBet to generate Gross Win on Turnover. Gross Win margins increase as BlueBet pays a lower portion of its Turnover to customers in the form of winning bet returns. Gross Win margins may vary by market (i.e., horseracing, greyhounds, harness racing and sports) and as well as by bet type (i.e., win, place, Exotics etc.).

Customer promotional expenses

Customer promotional expense represents the costs incurred by BlueBet to acquire and retain new and existing customers through free bets, money-back offers, early payouts and enhanced pricing initiatives.

4.7.2 Pro Forma Historical Income Statement and Pro Forma Historical Cash Flows for FY20 compared to FY19 and 1H FY21 compared to 1H FY20

Table 4.13 and 4.14 compare the Pro Forma Historical Income Statements, Pro Forma Historical Cash Flows and key financial and operating metrics for FY20 compared to FY19 and 1HFY21 compared to 1HFY20.

Table 4.13: Pro Forma Historical Income Statements and Net Cashflows for FY20 compared to FY19 and 1H FY21 compared to 1H FY20

\$000'S	FY19	FY20	% CHANGE	1H FY20	1H FY21	% CHANGE
Net Revenue	9,575	16,808	75.5%	6,318	15,443	144.4%
Cost of Sales	(4,559)	(6,859)	50.4%	(2,155)	(6,522)	202.6%
Gross Profit	5,016	9,950	98.4%	4,163	8,921	114.3%
Employee expenses	(2,527)	(2,567)	1.6%	(1,139)	(1,640)	44.0%
Advertising and marketing expenses	(1,860)	(1,621)	(12.9%)	(694)	(2,099)	202.4%
Product and technology expenses	(144)	(245)	69.6%	(84)	(194)	132.2%
Admin and other expenses	(1,674)	(1,482)	(11.5%)	(819)	(818)	0.0%
Total operating expenses	(6,206)	(5,915)	(4.7%)	(2,736)	(4,752)	73.7%
EBITDA	(1,190)	4,035		1,427	4,169	192.1%
Depreciation and amortisation expense	(144)	(132)	(8.1%)	(63)	(69)	9.5%
EBIT	(1,334)	3,903		1,364	4,100	200.5%
Interest expense	(40)	(64)	60.4%	(46)	(30)	(34.3%)
Profit before income tax	(1,374)	3,839		1,318	4,070	208.7%
Income tax benefit/(expense)	0	196		610	(1,064)	
Net profit after tax	(1,374)	4,035		1,929	3,006	55.8%
EBITDA	(1,190)	4,035		1,427	4,169	192.1%
Change in working capital	635	1,127	77.3%	(199)	303	
Income tax paid	0	0		0	(550)	
Interest paid	(40)	(64)	60.4%	(46)	(30)	(34.3%)
Operating cash flow (excluding client cash liabilities movement)	(594)	5,098		1,182	3,892	229.2%
Customer cash liabilities movement	412	(195)	0.0%	(159)	685	
Operating cash flow before investing activities, financing activities and tax	(182)	4,903		1,023	4,577	347.6%
Purchase of property, plant and equipment	(5)	(99)	2069.2%	(6)	(61)	899.1%
Net cash flows before financing activities and tax	(186)	4,804		1,016	4,516	344.3%

Table 4.14: Key operating metrics for FY20 compared to FY19 and 1H FY21 to 1H FY20

\$000'S	NOTES	FY19	FY20	% CHANGE	1H FY20	1H FY21	% CHANGE
Key operating metrics							
Active Customers	1	19,946	22,289	11.7%	19,480	25,541	31.1%
First-Time Depositor	2	14,520	14,706	1.3%	6,097	9,195	50.8%
Bet Count	3	2,287,213	3,407,786	49.0%	1,313,083	3,051,902	132.4%
Turnover (\$)		168,855	188,066	11.4%	86,501	164,763	90.5%
Gross Win (\$)		15,032	22,543	50.0%	8,756	21,093	140.9%
Gross Win margin (%)		8.9%	12.0%	3.08 pp	10.1%	12.8%	2.68 pp
Net Win (\$)		10,532	18,489	75.5%	6,949	16,987	144.4%
Net Win margin (%)		6.2%	9.8%	3.59 pp	8.0%	10.3%	2.28 pp
Key financial metrics							
Gross Revenue (\$)	4	13,665	20,494	50.0%	7,960	19,176	140.9%
Net Revenue (\$)	5	9,575	16,808	75.5%	6,318	15,443	144.4%
Net Revenue (% of Gross revenue)		70.1%	82.0%	11.9 pp	79.4%	80.5%	1.2 pp
Net Revenue growth (%)		24.2%	75.5%	51.3 pp	26.6%	144.4%	117.8 pp
Gross Profit margin (%)	6	52.4%	59.2%	6.8 pp	65.9%	57.8%	(8.1) pp
EBITDA margin (%)	7	(12.4%)	24.0%	N/A	22.6%	27.0%	N/A
Operating expenses as a % of Revenue	8	64.8%	35.2%	(29.6) pp	43.3%	30.8%	(12.5) pp
Sales and marketing expenses (\$)		1,860	1,621	(12.9%)	694	2,099	202%
Product and technology expense (\$)		144	245	70%	84	194	132%

Notes:

1. Active Customers are Registered Customers that have placed a bet in the preceding 12-month period.
2. First-Time Depositor represents customers that have made a first-time deposit in the relevant period.
3. Bet Count is the number of bets placed in the relevant period.
4. The difference between Gross Win and Gross Revenue is due to GST.
5. The difference between Net Win and Net Revenue is due to GST.
6. Calculated as Gross Profit as a percentage of Net Revenue.
7. Calculated as EBITDA as a percentage of Net Revenue.
8. Calculated as operating expenses as a percentage of Net Revenue.

4.7.2.1 Net Revenue

Net Revenue grew by 75.5% from \$9.6 million in FY19 to \$16.8 million in FY20. This increase was driven by:

- **Turnover:** increasing 11.4% from \$168.9 million in FY19 to \$188.1 million in FY20. This increase was driven by an increase in Active Customers of 11.7% to 22,289 and an increase in Bet Count of 49.0% to 3.4 million. The COVID-19 pandemic led to the cancellation of a number of sporting events in the third quarter of FY20, which impacted performance in that and the subsequent quarter. However, state lockdowns associated with the COVID-19 pandemic led to an acceleration of the pre-existing trend of customers moving towards online gambling. This had a positive impact in the last quarter of FY20 with the resumption of racing and some sporting events. Prior to BlueBet experiencing a COVID-19-pandemic-associated acceleration in volume, Bet Count grew 19% for the nine months to March 2020 (versus the prior corresponding period).
- **Gross Win margin:** uplift of 3.1 percentage points from 8.9% of Turnover in FY19 to 12.0% of Turnover in FY20. This increase was due to a broadening of the Active Customer base to more recreational customers who have historically experienced a lower win rate than professional and sophisticated customers.
- **Net Win margin:** increasing 3.6 percentage points from 6.2% of Turnover in FY19 to 9.8% of Turnover in FY20. This increase is reflective of the increase in Gross Win margin detailed above, together with a 0.5 percentage point reduction in customer promotional expense to 2.2% of Turnover. The decline in customer promotional expense as a percentage of Turnover was primarily driven by the Australian Government's ban on initial deposit-matching bonus bets and advertising incentives, which came into effect in the first half of calendar year 2019.

Net Revenue increased by 144.4% from \$6.3 million in 1H FY20 to \$15.4 million in 1H FY21. This increase was driven by:

- **Turnover:** increased 90.5% from \$86.5 million in 1H FY20 to \$164.8 million in 1H FY21. This increase was supported by a 132.4% increase in number of Bet Count from 1.3 million in 1H FY20 to 3.1 million in 1H FY21. As referenced above, the positive trend to online gambling coming out of COVID-19 pandemic lockdowns continued into 1H FY21 and has been maintained with continued growth in Bet Count and Active Customers.
- **Gross Win margin:** 2.7 percentage point increase in Gross Win margin from 10.1% of Turnover in 1H FY20 to 12.8% in 1H FY21. This increase was driven by a greater contribution by recreational customers to Turnover, and the introduction of higher margin products like Same Game and Same Race Multis in 1H FY21.
- **Net Win margin:** 2.3 percentage point increase in Net Win margin from 8.0% of Turnover in 1H FY20 to 10.3% of Turnover in 1H FY21. This increase is in line with the Gross Win margin expansion detailed above and slightly offset by a 0.4 percentage point increase in customer promotional expense to 2.5% of Turnover, which reflects the focused incentivisation through wagering promotions to activate Active Customers in the period.

4.7.2.2 Gross Profit

BlueBet experienced:

- 98.4% uplift in Gross Profit from \$5.0 million in FY19 to \$9.9 million in FY20; and
- 114.3% increase from \$4.2 million in 1H FY20 to \$8.9 million in 1H FY21.

The growth in Gross Profit was driven by a combination of the Net Revenue growth discussed in Section 4.7.2.1 and margin uplift associated with a broadening of the Active Customer base from higher staking to recreational customers and the introduction of new bet types like Same Game and Same Race Multis.

Notably, this Gross Profit margin accretion from FY19 to FY20 was despite the introduction of POC Tax in January 2019 in those states where it was not already pre-existing.

4.7.2.3 Operating expenses and EBITDA

Operating expenses:

- decreased 4.7% from \$6.2 million in FY19 to \$5.9 million in FY20; and
- increased 73.7% from \$2.7 million in 1H FY20 to \$4.8 million in 1H FY21.

The decrease in operating expenses from FY19 to FY20 was a result of a reduction in discretionary spend due to initial economic uncertainties because of the COVID-19 pandemic.

The 1H FY20 to 1H FY21 increase in operating expenditure was primarily a result of significant increases in marketing and advertising spend from \$0.7 million in 1H FY20 to \$2.1 million in 1H FY21 with the launch of BlueBet's first major brand campaign on regional free-to-air TV and pay TV services.

EBITDA increased to \$4.0 million in FY20 from a loss of \$(1.2) million in FY19.

For the 1H FY21 period, EBITDA increased 192.1% to \$4.2 million reflecting the strong growth in Turnover and Gross Profit margin, which was slightly offset by the increase in operating expenses described above.

4.7.2.4 Depreciation and amortisation

Depreciation and amortisation expense were flat at \$0.1 million in FY19 and FY20 and remained flat at \$0.1 million in 1H FY20 and 1H FY21.

4.7.2.5 Interest expense

Interest and finance costs were immaterial being approximately \$50k across FY19 and FY20. Interest and finance costs are low due to the business being debt-free during those periods.

4.7.2.6 Movement in working capital

The movement in working capital of \$1.1 million in FY20 was primarily the result of increased business activity and growth, which naturally led to an increase in trade payables. The movement on working capital for 1H FY21 was \$0.3 million.

4.8 FORECAST FINANCIAL INFORMATION

The basis of preparation of the Forecast Financial Information is set out in Section 4.2.3.

The assumptions set out below should be read in conjunction with the risks set out in Section 5 and other information contained in the Prospectus.

4.8.1 General assumptions

The following general assumptions have been made in preparing the Forecast Financial Information:

- There are no material changes in the competitive and operating environments of the Australian online wagering market in which BlueBet operates.
- There are no material changes in government legislation (including tax legislation), regulatory requirements or other government policy that will have a material positive or negative impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of BlueBet.
- There are no significant deviations from current market expectations of economic and market conditions under which BlueBet operates.
- The impact of COVID 19 from a global and Australian perspective continues in a similar way to that experienced in the second half of 2020 and early 2021 with the general expectation of a slow economic recovery throughout CY21. No expectations in relation to further statewide lockdowns or the impact of COVID 19 outbreaks have been included in this forecast, such as the cancellation of racing and other sporting events.
- There is no material change in key personnel, including Key Management Personnel.
- There are no material employee relations disputes or other disturbances.
- There is no material fine, penalty, dispute, litigation or other contingent liability to arise or be settled to the detriment of BlueBet.
- There are no material acquisitions, disposals, restructuring or investments.
- There is no material change in BlueBet's corporate or capital structure other than the transactions contemplated under the terms of the Offer set out in this Prospectus.
- There are no material amendments to any material contract, agreements or arrangements relating to BlueBet's business or intellectual property.
- There are no changes in applicable AAS, IFRS, other mandatory requirements or the Corporations Act that could have a material effect on BlueBet's reported financial performance or cash flows, financial position, accounting policies, financial reporting and disclosures.
- None of the risks listed in Section 5 will eventuate, or if they do, none of them have a material adverse impact on the operations of BlueBet.
- The Offer proceeds are received in accordance with the timetable set out in the Key Dates on page 8 of this Prospectus.

4.8.2 Specific assumptions

The Forecast Financial Information has been prepared with consideration to the actual unaudited trading performance of BlueBet through to 31 December 2020 and recent trading up to the end of 30 April 2021, and is based on various specific assumptions. The key specific assumptions are set out below.

The Forecast Financial Information excludes any potential revenue generated from BlueBet's proposed expansion into the US as it is not anticipated that revenue will be generated until 2022. However, the Forecast Financial Information includes the initial start-up costs such as licensing costs, salaries and wages and other operating expenses that BlueBet expects to incur up to 31 December 2021.

4.8.2.1 Turnover

The key driver of forecast Turnover is the forecast Bet Count on the BlueBet platform, which is the number of customers that are expected to be active in each given month.

Active Customers: the key driver to the number of Active Customers is the level of marketing and advertising spend and more significantly, the ability of this spend to effectively retain and engage existing Active Customers and add new Active Customers to the BlueBet platform. As discussed in Section 7.1(b), BlueBet has allocated a significant portion of the gross proceeds of the Offer to Australian marketing and advertising spend. As a result, BlueBet forecasts marketing and advertising spend of \$9.5 million in CY21, representing a 214.8% increase on CY20 marketing and advertising spend of \$3.0 million. This increase in marketing spend is expected to drive growth in Active Customers by 56.0% to 39,854 through the addition of 22,244 First-Time Depositors over CY21.

Bet Count: bet activity on the BlueBet platform is heavily influenced by the effectiveness of BlueBet's marketing, advertising and promotions program, which are all designed to position BlueBet as the customer's preferred betting platform thereby generating loyalty and an increased volume of bet activity. With an expanded customer base, together with recently introduced new betting types such as Same Game and Same Race Multis as well as a higher use of mobile apps, management is confident that the business can readily generate the projected Bet Count over the forecast period.

The performance of the above drivers is expected to result in Turnover growth of 78.7% and 46.5% on the prior corresponding period for FY21 and CY21 respectively.

4.8.2.2 Net Revenue and Gross Profit

Net Revenue and Gross Profit are forecast to continue to grow over the forecast period, driven primarily by the increase in Turnover (increasing 46.5% in CY21 over pcp) from increased bet activity on the BlueBet platform. This growth is supported by the additional investment in targeted marketing and advertising throughout the forecast period.

4.8.2.3 Operating expenses

Management forecast an increase in operating expenses in CY21. The key drivers of growth in operating expenses include:

- increased marketing and advertising expense to primarily support digital advertising, television advertisements and sponsorships such as BlueBet Stadium. BlueBet's marketing strategy is discussed in greater detail in Section 3.2.2 of this Prospectus; and
- additional headcount, primarily to support the establishment of the Northern Territory office and to further develop the technology platform.

4.8.2.4 Seasonality

BlueBet typically experiences seasonality in its operations because of the timing of key racing and sporting events. Management believes the monthly variability of Turnover is relatively predictable and has therefore accounted for forecast seasonality to Turnover. Management forecasts greater engagement on the BlueBet platform during the Australian Autumn and Spring Racing Carnivals and in the month of key sporting events, such as NRL and AFL finals, State of Origin, Super Bowl, NBA finals etc.

4.9 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA FORECAST FINANCIAL INFORMATION

Set out below is a discussion of BlueBet's Net Revenue and expenses and the main drivers of operating and financial performance, which BlueBet expects may continue during the periods of the Forecast Financial Information. The discussion is intended to provide a brief summary only and does not detail all of the factors that may impact BlueBet's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this Section, and the related commentary is on a pro forma basis only. The information in this Section 4.9 should also be read in conjunction with the general and specific assumptions in Section 4.8, the sensitivities in Section 4.10, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.9.1 Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows for FY21 compared to FY20, 1H FY22 compared to 1H FY21 and CY21 compared to CY20

Table 4.15 and Table 4.16 compare the Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement, Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and the key financial and operating metrics for FY21 compared to FY20, 1H FY22 compared to 1H FY21 and CY21 compared to CY20.

Table 4.15: Pro Forma Historical and Pro Forma Forecast Income Statements, and Pro Forma Historical and Pro Forma Forecast Operating Cash Flows for FY21 compared to FY20, 1H FY22 compared to 1H FY21 and CY21 compared to CY20

\$000's	PRO FORMA HISTORICAL	PRO FORMA FORECAST	% CHANGE	PRO FORMA HISTORICAL	PRO FORMA FORECAST	% CHANGE	PRO FORMA HISTORICAL	PRO FORMA FORECAST	% CHANGE
	FY20	FY21		1H FY21	1H FY22		CY20	CY21	
Net Revenue	16,808	31,388	86.7%	15,443	20,255	31.2%	25,933	36,201	39.6%
Cost of Sales	(6,859)	(13,203)	92.5%	(6,522)	(8,069)	23.7%	(11,225)	(14,751)	31.4%
Gross Profit	9,950	18,185	82.8%	8,921	12,186	36.6%	14,708	21,450	45.8%
Employee expenses	(2,567)	(3,598)	40.1%	(1,640)	(3,065)	86.9%	(3,068)	(5,022)	63.7%
Advertising and marketing expenses	(1,621)	(5,368)	231.2%	(2,099)	(6,257)	198.0%	(3,026)	(9,526)	214.8%
Product and technology expenses	(245)	(938)	283.6%	(194)	(815)	319.5%	(355)	(1,559)	338.9%
Admin and other expenses	(1,482)	(1,838)	24.0%	(818)	(1,943)	137.4%	(1,481)	(2,962)	100.0%
Share-based employee expense	0	0	0.0%	0	0	0.0%	0	0	0.0%
Total operating expenses	(5,915)	(11,742)	98.5%	(4,752)	(12,079)	154.2%	(7,931)	(19,069)	140.4%
EBITDA	4,035	6,443	59.7%	4,169	107	(97.4%)	6,777	2,380	(64.9%)
Depreciation and amortisation expense	(132)	(75)	(43.0%)	(69)	(121)	76.7%	(138)	(128)	(7.4%)
EBIT	3,903	6,367	63.2%	4,100	(14)	(100.4%)	6,639	2,252	(66.1%)
Interest expense	(64)	(36)	(44.3%)	(30)	(22)	(26.6%)	(48)	(27)	(42.7%)
Profit before income tax	3,839	6,332	64.9%	4,070	(37)	(100.9%)	6,591	2,225	(66.2%)
Income tax expense (pro forma)	196	(1,646)	0.0%	(1,064)	9	0.0%	(1,479)	(573)	0.0%
Net profit after tax	4,035	4,686	16.1%	3,006	(27)	(100.9%)	5,112	1,652	(67.7%)
EBITDA	4,035	6,443	59.7%	4,169	107	(97.4%)	6,777	2,380	(64.9%)
Change in working capital	1,127	(194)	(117.3%)	303	627	106.9%	1,628	129	(92.1%)
Operating cash flow (excluding client cash liabilities movement)	5,098	5,085	(0.2%)	3,892	(1,171)	(130.1%)	7,807	22	(99.7%)
Customer cash liabilities movement	(195)	858	(540.2%)	685	383	(44.1%)	650	556	(14.4%)
Operating cash flow before investing activities, financing activities and tax	4,903	5,943	21.2%	4,577	(788)	(117.2%)	8,457	579	(93.2%)
Capitalised expenses	0	(150)	0.0%	0	(1,318)	0.0%	0	(1,468)	0.0%
Purchase of property, plant and equipment	(99)	(61)	(38.3%)	(61)	0	(100.0%)	(153)	0	(100.0%)
Net cash flows before financing activities and tax	4,804	5,733	19.3%	4,516	(2,106)	(146.6%)	8,304	(889)	(110.7%)

Table 4.16: Key operating and financial metrics for FY21 compared to FY20, 1H FY22 compared to 1H FY21 and CY21 compared to CY20

\$000'S	HISTORICAL	FORECAST	% CHANGE	HISTORICAL	FORECAST	% CHANGE	HISTORICAL	FORECAST	% CHANGE
	FY20	FY21		1H FY21	1H FY22		CY20	CY21	
Key operating metrics									
Active Customers (at period end)	22,289	27,925	25.3%	25,541	39,854	56.0%	25,541	39,854	56.0%
First-Time depositor	14,706	16,491	12.1%	9,195	14,948	62.6%	17,804	22,244	24.9%
Bet Count	3,407,786	6,372,458	87.0%	3,051,902	4,380,660	43.5%	5,146,605	7,701,216	49.6%
Turnover (\$)	188,066	336,030	78.7%	164,763	219,033	32.9%	266,327	390,299	46.5%
Gross Win (\$)	22,543	42,225	87.3%	21,093	27,248	29.2%	34,881	48,379	38.7%
Gross Win (%)	12.0%	12.6%	0.58 pp	12.8%	12.4%	(0.36) pp	13.1%	12.4%	(0.70) pp
Net Win (\$)	18,489	34,527	86.7%	16,987	22,281	31.2%	28,526	39,821	39.6%
Net Win (%)	9.8%	10.3%	0.44 pp	10.3%	10.2%	(0.14) pp	10.7%	10.2%	(0.51) pp
Key financial metrics									
Gross Revenue (\$)	20,494	38,386	87.3%	19,176	24,771	29.2%	31,710	43,981	38.7%
Net Revenue (\$)	16,808	31,388	86.7%	15,443	20,255	31.2%	25,933	36,201	39.6%
Net Revenue (% of Gross revenue)	82.02%	81.77%	(0.2) pp	80.53%	81.77%	1.24 pp	81.78%	82.31%	0.5 pp
Net Revenue growth (%)	75.54%	86.74%	11.20 pp	144.43%	31.16%	(113.3) pp	137.84%	39.59%	(98.2) pp
Gross Profit margin (%)	59.19%	57.94%	(1.3) pp	57.77%	60.16%	2.39 pp	56.72%	59.25%	2.54 pp
EBITDA margin (%)	24.01%	20.53%	(14.5%)	27.00%	0.5%	(98.0%)	26.13%	6.58%	(74.8%)
Operating Expenses as a % of Revenue	35.19%	37.41%	2.22 pp	30.77%	59.64%	28.86 pp	30.58%	52.68%	22.09 pp
Sales and marketing expenses (\$)	1,621	5,368	231.2%	2,099	6,257	198.0%	3,026	9,526	214.8%
Product and technology expense (\$)	245	938	283.6%	194	815	319.5%	355	1,559	338.9%

4.9.1.1 Net Revenue & Gross Profit

Net Revenue is forecast to increase by 86.7% from \$16.8 million in FY20 to \$31.4 million in FY21. This increase is driven by:

- **Turnover:** a forecast increase of 78.7% from \$188.1 million in FY20 to \$336.0 million in FY21, driven by a 231.2% increase in marketing and advertising expenditure as a result of BlueBet's first major brand campaign on regional free-to-air TV and pay TV services, as well as acquiring the naming rights to BlueBet Stadium. In accelerating its marketing and advertising strategy, Bet Count is forecast to increase by 87.0% from 3.4 million in FY20 to 6.4 million in FY21.
- **Net Win margins:** 0.5 percentage point increase in Net Win margins from 9.8% of Turnover in FY20 to 10.3% in FY21. This increase is driven by a greater contribution by recreational customers to Turnover and higher margin products like Same Game and Same Race Multis.

Gross Profit is forecast to increase by 82.8% from \$9.9 million in FY20 to \$18.2 million in FY21, driven by the drivers to Net Revenue above.

For CY21, Net Revenue is forecast to increase by 39.6% from \$25.9 million in CY20 to \$36.2 million in CY21. This increase is driven by:

- **Turnover:** a forecast increase of 46.5% from \$266.3 million in CY20 to \$390.3 million in CY21, driven by a 214.8% increase in marketing and advertising expenditure during the period as BlueBet seeks to deploy part of the funds from the Offer to advance its digital and television advertising presence and promotional activities. In accelerating its marketing and advertising strategy, Bet Count is forecast to increase by 49.6% from 5.1 million in CY20 to 7.7 million in CY21.
- **Net Win margins:** a 0.5 percentage point reduction in Net Win margins from 10.7% of Turnover in CY20 to 10.2% in CY21. This decrease is largely driven by an estimated higher use of promotions and generosity programs to deliver improvement in Active Customer growth and engagement as well as a greater portion of Turnover in CY21 being contributed by traditionally lower margin markets such as sports betting, which is expected to contribute a larger percentage of Turnover. This is expected as the level of available sport content normalises in CY21 compared to the CY20 period, during which many sporting events were either cancelled, deferred or impacted by reduced crowd participation due to the COVID-19 pandemic.

Gross Profit is forecast to increase by 45.8% from \$14.7 million in CY20 to \$21.5 million in CY21, driven by the increase in Net Revenue detailed above and a 2.5 percentage point increase in Gross Profit Margin.

Figure 4.3: FY19 to CY21 Turnover and Net Win margin

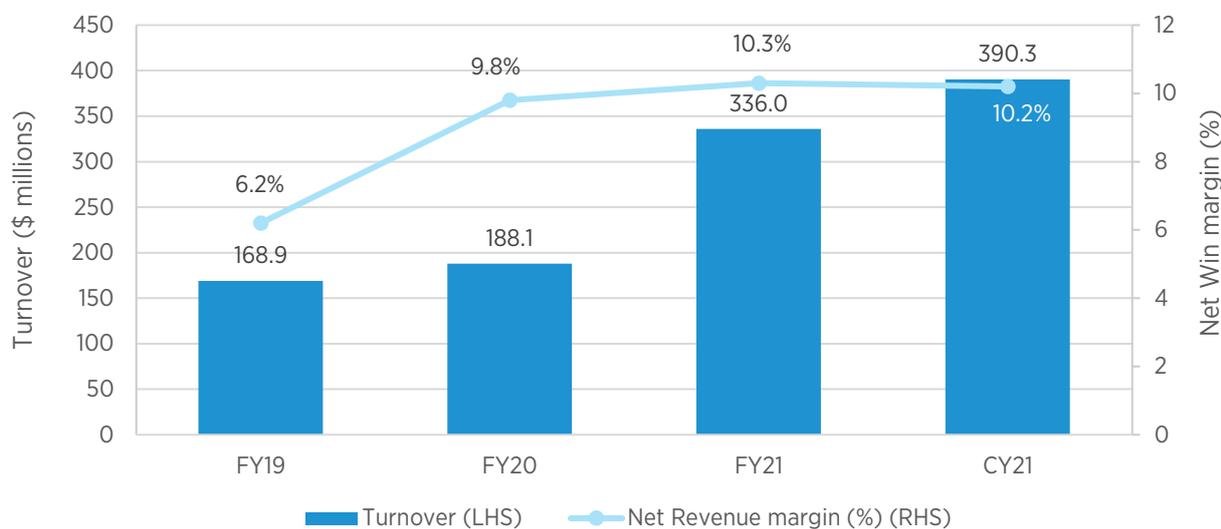


Figure 4.4: FY19 to CY21 Net Revenue

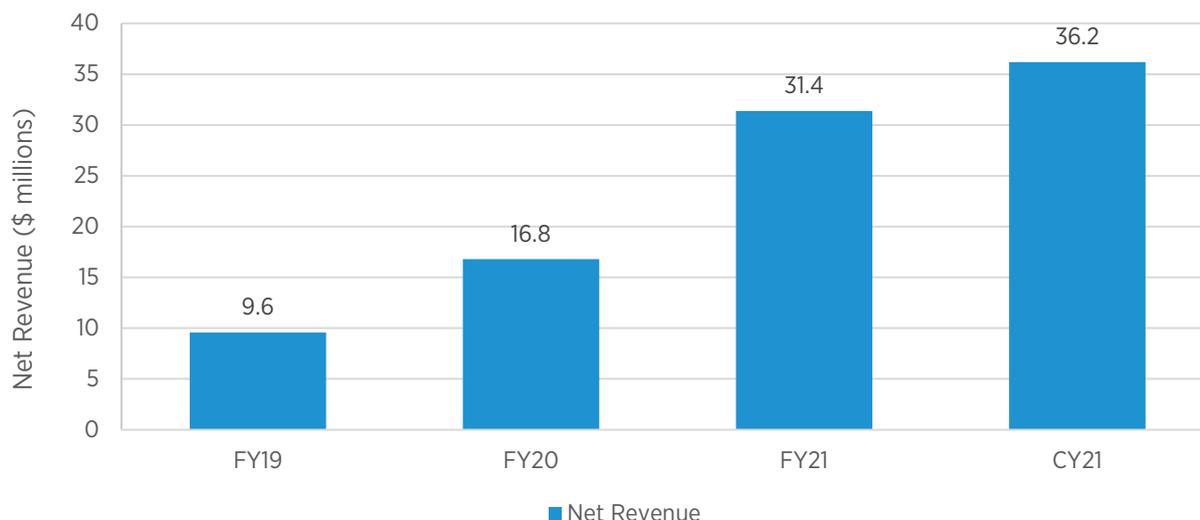
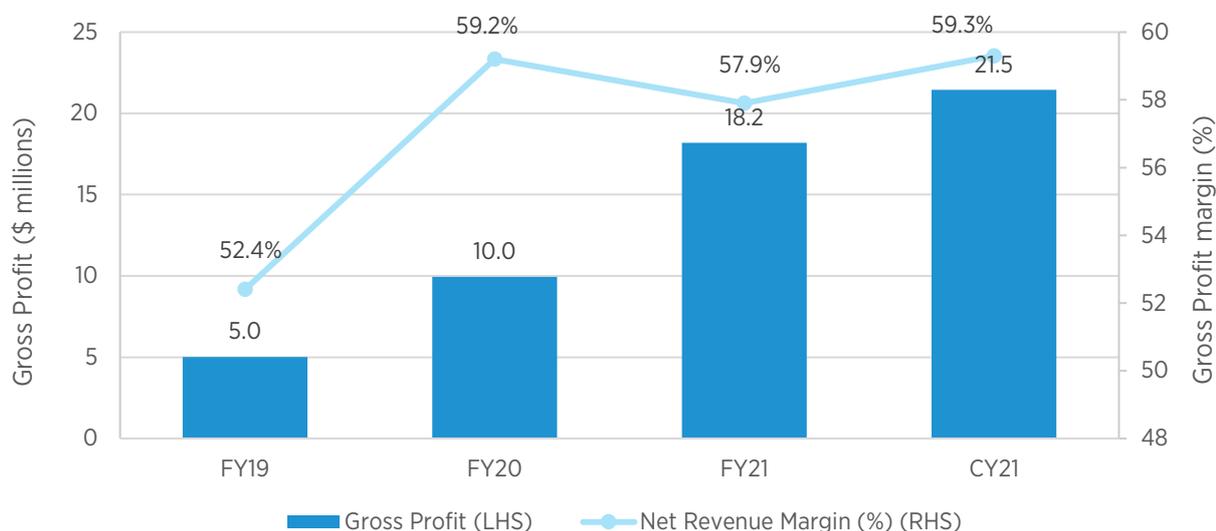


Figure 4.5: FY19 to CY21 Gross Profit and Gross Profit Margins



4.9.1.3 Operating expenses

Management forecast an increase in operating expenses in FY21 of 98.5% to \$11.7 million versus the prior corresponding period. The key drivers of growth in operating expenses include:

- increased marketing and advertising expense to primarily support digital advertising, television advertisements and sponsorships such as BlueBet Stadium. BlueBet forecast marketing and advertising spend of \$5.4 million in FY21, representing a 231.2% increase on FY20 spend of \$1.6 million.
- additional headcount in the second half of FY21 to support the growth of the business, particularly in relation to bringing IT capabilities in-house and building out the trading team. Salaries and wages are expected to increase 40.1% from \$2.6 million to \$3.6 million.

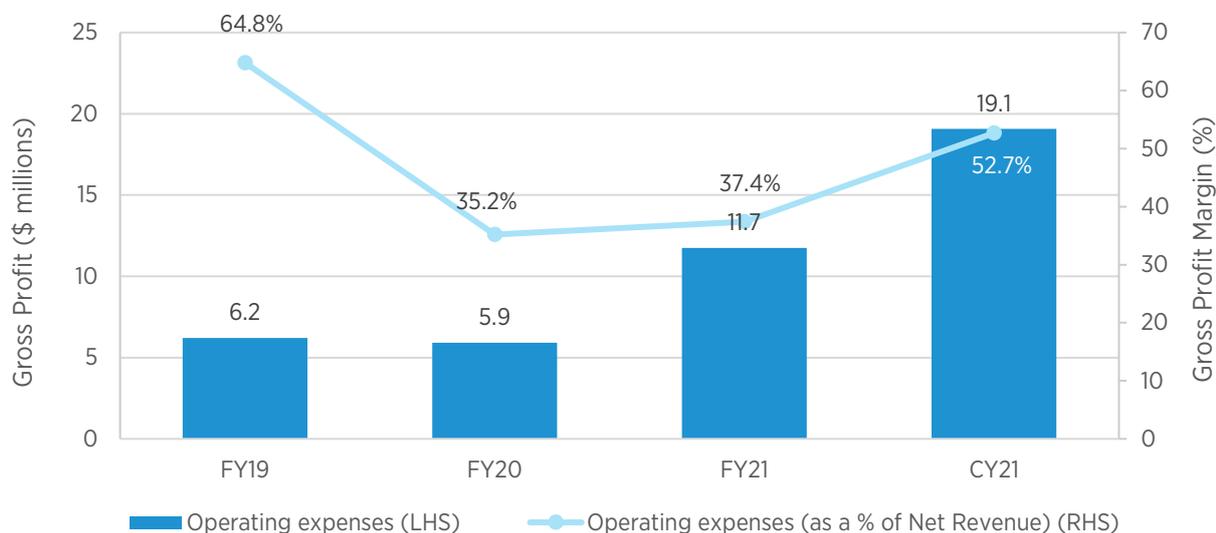
Investment in headcount, and marketing and advertising is forecast to continue through CY21 with management forecasting an increase in operating expenses of 140.4% to \$19.1 million in CY21. The key drivers of growth in operating expenses include:

- increased marketing and advertising expense to primarily support digital advertising, television advertisements. BlueBet forecasts marketing and advertising spend of \$9.5 million in CY21, representing a 214.8% increase on CY20 marketing and advertising spend of \$3.0 million;

- additional headcount, primarily to support the establishment of the Northern Territory office and to further develop the technology platform. Salaries and wages are expected to increase 63.7% from \$3.1 million to \$5.0 million from CY20 to CY21; and
- in the period 1H FY22, investment in the US business is forecast to be \$0.8 million representing initial set-up costs in preparation for intended commencement of trading in the later part of FY22.

This increased spend is consistent with the use of funds set out in Section 7.1(b).

Figure 4.6: Operating expenses and operating expenses as a percentage of revenue



4.9.1.5 Interest and net finance expense

Interest and finance costs are low given the business is expected to be debt-free over the forecast periods.

4.9.1.6 Movement in working capital

The forecast movement in working capital of:

- (\$0.2) million between FY20 to FY21;
- \$0.6 million between 1H FY20 to 1H FY21; and
- \$0.1 million between CY20 to CY21.

The movements in working capital are primarily the result of increased business activity, which has led to an increase in trade payables and timing differences.

4.10 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions described in Section 4.8. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of the Company, the Directors and management. These estimates are also based on assumptions in relation to future business developments, which are subject to change. The changes to key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. Set out below is a summary of the sensitivity of the impact on the pro forma EBITDA and pro forma forecast NPAT for CY21 of changes to a number of key variables.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the pro forma EBITDA and pro forma forecast NPAT for CY21, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in the other assumptions. In practice, changes in assumptions may offset each other or be additive and it is likely that BlueBet's management would respond to any adverse changes in one item to seek to reduce the net effect on BlueBet's EBITDA and NPAT.

For the purpose of the analysis below, the effect of the changes in key assumptions on the CY21 pro forma forecast EBITDA and pro forma forecast NPAT is set out in Table 4.17 below.

Table 4.17: Sensitivity analysis on the impact on pro forma forecast EBITDA and NPAT for CY21

	CY21 ASSUMPTION	SENSITIVITY	EBITDA IMPACT +/- (\$000)	NPAT IMPACT +/- (\$000)
Number of bets	7,701,216	+/- 5%	+/- 1,000	+/- 700
Net Win margin (%)	10.2%	+/- 1 pp	+/- 2,700	+/- 2,000

4.11 DIVIDEND POLICY

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors (many of which may be outside the control of the Company and its Directors and management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of BlueBet, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

While it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends, at the Prospectus Date, the Company does not intend, nor expect, to declare nor pay any dividends in the immediately foreseeable future following Completion of the Offer. This approach is consistent with BlueBet's focus on long-term growth and the Directors' intention is to reinvest future cash flows to further grow the business.

BlueBet

5. RISK FACTORS



BlueBet STADIUM

ARRIS
TIKAU
WELL
WAY
WID
WTH
WIN

5. RISK FACTORS

5.1 INTRODUCTION

This Section describes some of the potential risks associated with the business and the industry and markets in which the Company operates, and risks associated with an investment in Shares. The Company is subject to a number of risks both specific to the Company's business activities and of a general nature, which may, either individually or in combination, adversely impact BlueBet's future operating and financial performance and the value of its Shares. This Section does not purport to list every risk faced by the Company now or in the future. Many of these risks, or the consequences of such risks, are outside the control of the Company, the Directors and management. If one or more of these risks eventuates, then the future operating and financial performance of the Company and the value of your investment in Shares may be adversely affected.

The selection of risks outlined in this Section is based on an assessment of the probability of the risk occurring, the impact of the risk on the Company should the risk materialise and the Company's ability to mitigate the risk. This assessment is based on the knowledge of Directors and management as at the Prospectus Date. There is no guarantee or assurance that the importance of the risks will not change or other risks that may adversely impact the Company will not emerge.

There can be no guarantee that the Company will achieve its stated objectives, successfully implement its business strategy, or that the Forecast Financial Information or any forward-looking statement contained in this Prospectus will be achieved or eventuate. You should note that past performance may not be a reliable indicator of future performance.

An investment in the Company is not risk-free. Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether the Shares are a suitable investment for you as regards your investment objectives, financial circumstances and taxation position. Before deciding whether to apply for Shares, you should read this Prospectus in its entirety and seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

5.2.1 The wagering industry is highly regulated

The provision of wagering services is subject to extensive laws, regulations and, where relevant, race fields and/or sporting fixture permits and approvals. These Regulations vary from jurisdiction to jurisdiction, but typically address the responsibility, financial standing and suitability of licensed operators, their suppliers and their respective owners, Directors and key employees, locations where licensed operations are permitted, wagering activity, marketing and promotional activity, the payment of fees, reporting of integrity-related matters, the use of personal data, and anti-money laundering and counter-terrorism practices. In addition, compliance costs associated with Regulations are material.

There are potentially adverse financial, legal and/or reputational consequences that may come from failing to comply with the various Regulations. In addition, as the Company intends to expand its operations into the US, it will need to engage with new regulators and regulations (refer to Section 5.2.5 for more information on risks associated with the Company's proposed expansion into the US).

(a) Changes to Regulations

Many of the Regulations are subject to change; for example, restrictions on types of betting products, restrictions on deposit methods and the risk of increased regulation or restrictions relating to the advertising of wagering products. Regulatory authorities may also change their interpretation of the Regulations at any time, which may restrict or further regulate the Company's operations in the future. Changes to Regulations may result in additional costs or compliance burden for the Company. Some aspects of compliance may be outside the control of the Company. For example, a contingency or event on which the Company may take bets may be removed from an approved list of betting contingencies, leading to revenue reduction, or advertising restrictions may be imposed within a jurisdiction that restricts the Company's ability to effectively market to new and existing customers in that jurisdiction and generally.

(b) Breach of Regulations

In addition, any failure by the Company (or BlueBet, as applicable) to comply with relevant Regulations may lead to penalties, sanctions or ultimately the amendment, suspension or revocation of relevant operating licences, approvals or permits and may have an impact on licences, approvals or permits in other jurisdictions. Further, any regulatory investigations or settlements could cause the Company to incur substantial costs (for example, by way of fines and penalties, or as a result of successful customer claims, and seeking external professional advice and assistance), or require it to change its business practices in a manner materially adverse to its business. Any of these outcomes could have a material adverse effect on the financial position and prospects of the Company.

5.2.2 Loss of licences, permits and approvals

BlueBet relies on a statutory licence granted by the Northern Territory Racing Commission, and permits and approvals granted by other government agencies and authorities, regulatory bodies and racing and sports controlling bodies to operate its business. Various events relating to a licence may occur (for example, BlueBet may breach the conditions of a licence, the conditions of a licence may be varied or a licence may be cancelled), which may result in the Company being unable to generate revenue.

In certain situations (including if BlueBet fails to meet the terms and conditions of its licences or other compliance requirements), the authorities that regulate the licences and authorisations that have been granted to BlueBet may take disciplinary action against BlueBet or Company (as applicable). The disciplinary action that may be taken includes the issue of a letter of censure; the imposition of fines; the variation of the terms of, or imposition of new terms on, a licence or authorisation; and the suspension, non-renewal, termination or cancellation of a licence or authorisation. The suspension, non-renewal, cancellation or termination of any of the key licences held by the Company or BlueBet (as applicable) would potentially result in a loss of revenue and profit for the Company, which would adversely affect the Company's financial performance and financial position.

Certain licences held by BlueBet, including the licence granted by the Northern Territory Racing Commission impose conditions requiring the licensee to comply with applicable laws, a breach of which may lead to disciplinary action.

5.2.3 Increases in Product Fees or point of consumption taxes

BlueBet is required to pay fees to each Australian racing and sports controlling bodies in order to accept bets in respect of events conducted under the auspices of the relevant body. It is also required to pay certain taxes to Australian federal, state and territory governments (including POC taxes). Any adverse changes to BlueBet's existing payment obligations, in respect of Product Fees and Taxes (for example, an increase to Product Fees payable in connection with thoroughbred horse racing in a particular state), or the imposition of new payment obligations on BlueBet (for example, the imposition of a fee on BlueBet in respect of the national self-exclusion register) and any new levies, taxes or other duties or charges in any relevant jurisdictions, could materially and adversely affect the Company's Cost of Sales and therefore affect the level of profit generated from operations.

5.2.4 New management team, loss of Key Management Personnel and inability to attract and retain skilled personnel

The successful operation of the Company depends on the performance and expertise of its Key Management Personnel and high-performing employees with specialist skills (including technology and marketing). The Company relies heavily on senior management personnel who have intimate historical knowledge of the wagering industry, and have worked with BlueBet since its inception. The Company is also reliant on the capabilities of a number of its key employees who have experience in, and knowledge of, the technology underpinning BlueBet's wagering platform and operational processes. The loss of one or more of its key employees could lead to a potential loss of business process knowledge and have a materially adverse impact on management's ability to operate the business and achieve its growth strategies and prospects, including through the development and commercialisation of new solutions or products.

The successful operation of the Company is also dependent upon its ability to attract and retain experienced and high-performing employees with specialist skills, including software development engineers and marketing specialists. Competition for such personnel is strong and there is a risk that the Company may incur increased costs to attract, develop and retain them. If the Company is unable to attract skilled personnel, it may be unable to effectively execute its growth strategy or maintain or expand its operations, which, in turn, could have a material adverse impact on Company's business, operations and financial performance.

5.2.5 The Company's proposed market expansion into the US

(a) Regulatory risks

The Company's growth strategy includes expansion into the developing wagering industry in the US. The striking down by the US Supreme Court of PASPA on 14 May 2018, paved the way for individual states to introduce legislation permitting sports betting. Each state may now introduce their own regulatory and licensing frameworks. Several states in the US have already passed legislation legalising sports betting and several other states have draft bills before the legislature, which may or may not be passed in future. Each state's legislation (both enacted and draft) varies in its scope and extent; however:

- while several states in the US have already legalised wagering to some extent, there is no guarantee that states that have not yet legalised wagering will do so in the future; and
- the timing or scope of any enabling legislation or regulations, and the issuance of licences, cannot be assessed with any certainty in states that do move to legalise wagering.

There is also a risk that the Company's initial B2C market entry strategy may be adversely affected if states delay legislation or impose significant barriers to entry (such as restricting the number of permitted sports betting operators, limiting sports betting operations to retail premises or imposing high licensing fees). These risks may preclude the Company from gaining access to those states or place the Company at a disadvantage should competitors gain early access. In addition, should enabling legislation be enacted, there is a risk that the Company may be unable to secure a commercial licence to operate in a state because the Company is unable to find or agree commercial terms with a suitable licence holder (typically casino or racetrack owners). Any delay or failure to pass enabling legislation or regulations and grant licences in key states in the US, or the failure by the Company to enter into commercial partnerships, will have a significant adverse effect on the Company's growth plans and future financial performance. See also Section 5.2.1 and Section 5.2.2 for further details of the risks associated with the failure to obtain or retain regulatory or commercial licences.

(b) Increases in taxes or fees

US wagering operators are currently required to pay state wagering taxes and federal excise tax. There are also licence fees imposed by state governments on every sportsbook operating in the US. The quantum of these taxes and fees varies greatly from state to state. Given the US wagering market is still immature, there is no certainty that the current taxation and fee structures will remain the same in the future. Any increase to taxes or fees may impact the Company's US market entry strategy and execution. An increase could materially and adversely affect the Company's Cost of Sales and therefore affect the forecast level of profit generated from operations.

(c) The Company's planned expansion into the US may be unsuccessful

The Company's proposed market expansion into the US as described in Section 3.3 of the Prospectus is at a very early stage and there is no guarantee that the Company's efforts at international expansion will be successful. The Company has determined that any revenue that may be derived from the Company's proposed international expansion, and the timing of when that revenue (if any) will likely be derived is too uncertain, and for this reason, the Company has not considered potential revenue associated with international expansion in its Forecast Financial Information. In addition, conducting international operations subjects the Company to new risks that it may not face in Australia. These risks include:

- unexpected costs and errors in the localisation of BlueBet's products, including adaptation for local regulatory requirements in various states in the US;
- lack of familiarity and burdens of complying with foreign laws, legal standards, regulatory requirements and other barriers, which may vary from one US state to another;
- unexpected changes in regulatory requirements, taxes or other trade restrictions;
- difficulties in managing systems integrators and technology partners;
- differing technology standards in different US jurisdictions compared to Australia;
- difficulties in managing and staffing international operations and differing employer/employee relationships;
- fluctuations in exchange rates that may increase the volatility of BlueBet's foreign-based revenue;
- uncertain political and economic climates; and
- operating in a foreign market also requires significant management attention and financial resources. Any negative impact from the Company's expansion efforts could have a material adverse effect on the financial position and prospects of the Company or the value of the Shares.

The Company will be also required to negotiate or apply for new commercial or government licences in its targeted states. The Company may be unable to obtain these new licences or may be unable to secure new licences on acceptable terms (or at all). This could have a material adverse effect on the Company's ability to execute its growth strategy.

5.2.6 Technology risks

(a) BlueBet's technology may be superseded by other technology, or its technology and product development may not be effective

The Company's future growth depends on its ability to develop its technology platform, products and processes in order to support increased customer numbers and customer activity. Increased use of BlueBet's current technology may exceed its infrastructure capability, which in turn could result in a service outage, loss of data or the inability for customers to effectively use BlueBet's products. In order to address this, the Company intends to use part of the proceeds of the Offer to develop its technology platform and products. However, the development and implementation of technology can be expensive and often involves an extended period of time to achieve a return on investment. The Company may not receive benefits from these investments for several years, or at all. The failure of the Company to successfully develop and implement technology upgrades may materially and adversely impact the Company's business, operation and financial performance and prospects.

(b) Hardware issues and disruption to our systems

BlueBet relies on the constant real-time performance, reliability and availability of its technology system, including in relation to its website and mobile app. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of BlueBet's control. These include data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. This may cause part or all of BlueBet's technology systems and/or the communication networks to become unavailable. There is a risk that repeated failures to BlueBet's technology system may result in a decline in the number of customers using BlueBet's wagering platform.

(c) Issues with third-party technologies/platforms on which BlueBet relies

BlueBet also relies on third-party software suppliers for the performance, reliability and availability of its technology system, including in relation to its website and mobile app. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of BlueBet's control. This includes data losses, computer system faults, internet and telecommunications or data network failures, fire, or natural disasters.

(d) Risks associated with data protection and cyber-security

Through the ordinary course of business, BlueBet collects and maintains confidential or personal information about its customers. BlueBet also outsources the collection, storage and processing of credit card details for customers to an authorised third party. Personal information is segregated to a secure database behind firewall protection and financial data is encrypted and firewall-protected. Although BlueBet has cyber-security policies and procedures in place, cyber attacks may compromise or breach technology systems used by BlueBet to protect confidential or personal information. There is a risk that the measures taken by BlueBet may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such information.

Any data security breaches or BlueBet's failure to protect confidential or personal information could cause significant disruption to BlueBet's business and trigger mandatory data breach notification obligations. They may also result in the loss of information integrity, breaches of BlueBet's obligations under applicable laws or agreements, legal complaints and claims by customers, and regulatory scrutiny and fines. Any of these could cause significant damage to BlueBet's reputation, which may affect our ability to retain or attract new customers, and have a material adverse impact on the financial position and performance of BlueBet.

(e) Changes to third-party technologies or platforms that could affect our ability to access our customers

BlueBet's products and services must also remain compatible with a wide range of mobile technologies, iOS and Android operating systems, application stores, networks and standards that BlueBet does not control. Any changes to those systems or technologies could degrade BlueBet's functionality or give preferential treatment to competitive products. This may materially and adversely impact the Company's business and financial performance, as well as negatively impact the Company's reputation.

Each of the above risks may materially and adversely impact the Company's business, financial performance, as well as negatively impact BlueBet's reputation.

5.2.7 Success of sales and marketing strategy

The Company's future success is partly dependent on the realisation of benefits from investment in marketing campaigns and initiatives. BlueBet is focused on promoting awareness of its brand and product to consumers (in order to acquire new customers and to maximise engagement with existing customers); however, there is no guarantee that increased marketing spend will translate into more Active Customers or increased betting volume.

The Company intends to use part of the proceeds of the Offer to expand its sales and marketing strategy and expects that marketing investment will continue to increase as the business grows. The Company may not, however, receive benefits from these investments for several years or may not receive benefits from these investments at all. Failure to realise intended benefits from sales and marketing investment could adversely impact the Company's business, operations and financial performance.

5.2.8 Banking and payment processing performance

The Company relies on online payment gateways, banking and financial and other institutions for the validation of payment methods (such as credit and debit cards), processing and settlement of payments. Any failures or disruptions to such platforms and technology may adversely affect the Company's business.

Some customers may have difficulty making deposits into their BlueBet account due to specific policies by card issuers and banks to not allow gambling transactions, or to restrict transactions from merchants such as BlueBet whose main business is conducted online. If customers have difficulty making deposits into their BlueBet account and are unable or unwilling to deposit funds using alternative methods, this could result in lower Turnover for BlueBet and therefore negatively impact financial performance.

5.2.9 Disruption to supply and transmission of sporting events

Major sporting and racing events (for example, the AFL finals, NRL finals and Spring Racing Carnival in Melbourne) typically occur at fixed times during the year. The cancellation, postponement or curtailment of such significant sporting or racing events, for example, due to the COVID-19 pandemic (see a more detailed discussion of the risk associated with the COVID-19 pandemic in Section 5.2.12), adverse weather conditions or terrorist acts, or the cancellation, disruption to or postponement of, the live broadcasting of sporting events in any particular reporting period, could adversely affect the financial results of the Company in that period.

5.2.10 Anti-money laundering/counter-terrorism financing

The wagering industry is exposed to vulnerabilities such as money laundering and there is a risk that BlueBet's products may be used for those purposes by its customers or employees. In addition, the Company's activities are subject to anti-money laundering regulations and anti-corruption laws, which may increase the costs of compliance, limit or restrict the Company's ability to do business or subject the Company to enforcement action that may include civil or criminal actions or proceedings. If applicable anti-money laundering laws or regulations are breached, the Company's business, performance, reputation, prospects, value, financial condition, and results of operations could be adversely affected.

5.2.11 Competitors and new market entrants

The wagering industry is highly competitive. A number of more established, well-resourced companies offer products and services that compete with BlueBet. These competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies, have greater resources to make acquisitions or enter into strategic partnerships, have larger and more mature intellectual property portfolios, have substantially greater financial, technical, and other resources or otherwise develop more commercially successful products or services than BlueBet. In addition, the wagering industry faces competition from other leisure activities and there can be no assurance that it will be able to increase or maintain its market share against these activities. This may mean that BlueBet is unable to grow its market share, which is essential for BlueBet to be able to scale the business; for example, to increase diversity of BlueBet's betting revenue and customer base.

5.2.12 Risks related to the COVID-19 pandemic

The COVID-19 pandemic and associated government restrictions resulted in disruption in the scheduling of some sporting events and some local and international racing. BlueBet has benefited from another effect of those restrictions, which was the accelerated shift in customer preferences towards online wagering platforms and away from retail outlets (such as TAB) and racecourse locations. BlueBet has experienced accelerated growth in CY20 and in the period to 31 March 2021. Although the shift in customer preferences towards online wagering platforms accelerated during the COVID-19 pandemic, there is no guarantee that this change in consumer behaviour will continue as government restrictions and lockdowns ease and become less frequent and government financial support is removed. There is a risk is that the increase in customers, bet frequency or bet value that have been experienced by BlueBet since the initial COVID-19 outbreak may not be sustained due to the reduction in government financial support. A shift back towards retail betting may similarly adversely affect BlueBet's future profitability and operations.

Investors should be aware that any future outbreak of COVID-19 that leads to the cancellation or rescheduling of racing or other sporting events, and related actions taken in response by Australian and other governments, including national lockdowns, border controls/travel restrictions and the effects of the pandemic on the global and domestic economy, may have an adverse effect on the Company and its financial performance and outlook.

The long-term impacts from COVID-19 on general economic or industry conditions and consumer discretionary spending are uncertain and may adversely impact the financial and operational performance of the Company and the delivery of its growth strategies in the future. BlueBet's historical revenue, wagering and customer growth should not be considered indicative of its future performance. The long-term effects of the COVID-19 pandemic on customer engagement are uncertain and there is no assurance that customer engagement will not decrease, including to below historic levels.

In light of the COVID-19 pandemic, caution should be exercised when assessing the risks associated with an investment in the Company. The continually changing situation is bringing unprecedented challenges to global financial markets and the global economy, with significant volatility and movements seen in equity prices and valuations. This applies equally to the Australian financial market and economy.

5.2.13 Reliance on the racing industry

Thoroughbred racing products accounted for approximately 53% of BlueBet's Turnover in CY20, while thoroughbred, greyhound and harness racing currently account for approximately 90% of BlueBet's Turnover in CY20. BlueBet's Turnover mix by product may change slightly in the short-to-medium term, as sports betting is forecast to continue to grow its share of the online wagering market; however, it is still anticipated that it will be heavily weighted towards racing. If events within the racing industry are materially impacted, for example, by significant changes to regulations, then this would have an impact on the ability of the Company to generate Turnover.

5.2.14 Inability to retain and increase customer numbers

It is critical for BlueBet to grow its customer base in order to increase overall betting volumes. However, BlueBet's customer base may grow more slowly than the Company expects or than it has grown historically. The ability of BlueBet to retain and increase customers is dependent on a number of factors, including (but not limited to):

- the adequacy of BlueBet's technology platform, including its product offering, functionality, reliability and customer support;
- the ability of BlueBet to successfully promote its brand through its sales and marketing strategy;
- the ability of BlueBet to keep pace with changes in technology and consumer preferences; and
- the prevailing macroeconomic and consumer spending trends and the impact of legal and regulatory changes.

New products and services (and changes to existing products and services) could fail to attain sufficient customer engagement for a number of reasons, including (but not limited to):

- failure to predict market demand accurately in terms of functionality or to supply features that meet this demand in a timely fashion;
- defects, errors or failures;
- negative publicity about performance or effectiveness;
- delays in releasing new wagering products or services; or
- the introduction or anticipated introduction of competing products by competitors.

If BlueBet is unable to retain existing customers or attract new customers, it may adversely impact the Company's ability to achieve its market share expectations, which may adversely impact the Company's prospects and ability to improve its future financial performance.

5.2.15 Activities of fraudulent parties

BlueBet processes a high volume of transactions via its technology platform, which means that it is not practicable to undertake manual fraud checks on all transactions. There is a risk that customers may seek to undertake fraudulent transactions, some of which may not be detected by automated fraud controls, or that controls are circumvented.

Wagering operators in particular are exposed to schemes to defraud by its customers or employees. In these circumstances, BlueBet has a high degree of reliance on its employees. Examples of internal fraud include:

- incorrect odds being published for a short period, sufficient for an employee (or associate) to place a bet to take advantage of the incorrect odds;
- the withdrawal of funds going to a bank account belonging to an employee (or associate) rather than a customer; and
- crediting bonuses to an employee (or associate) in circumstances where they have not been properly earned.

Examples of external fraud include:

- creating multiple accounts using borrowed or stolen identities to improperly obtain bonuses or promotional odds;
- 'phishing' attacks resulting in account passwords being improperly obtained, with the potential for fraudulent withdrawals from those accounts;
- requests by customers for a 'chargeback' to their card in an attempt to dispute their own transactions;
- requests for a 'chargeback' from credit and debit card owners where the card was stolen or otherwise used by an unauthorised customer; and
- claims by or on behalf of customers where BlueBet should have been aware that the relevant customer was making bets beyond their means or limits, or in a manner or circumstance where BlueBet should have refused to accept the bet made by the customer.

While BlueBet has systems in place to protect against fraudulent activity and collusion between customers and employees, these systems may not be effective in all cases. This may require the Company to make unanticipated additional investment in its systems and processes. If BlueBet suffers any fraudulent activities, the Company's business, performance, prospects, value, financial condition and results of operations could be adversely affected.

5.2.16 Customers may have a higher than expected win rate

Betting returns are volatile. While the odds offered to customers are intended to provide a target average return on Turnover (or Gross Win margin) to BlueBet over a large number of events, this outcome is not guaranteed, particularly over a smaller number of events. BlueBet may experience returns below its expected Gross Win margin owing to, for example:

- a series of outcomes skewed towards its customers' betting selections on those events (such as when a disproportionate number of 'favourites' or a 'national' team win);
- structural changes lowering BlueBet's expected Gross Win margin (such as offering more generous odds as a result of competition or promotional activities); or
- failures of the people, processes and/or systems that BlueBet has in place to manage its trading risk, for example, by failing to apply appropriate limits or adjust odds.

If BlueBet's Gross Win margin is below expectations, this would have a material adverse effect on the Company's operations, financial performance and prospects.

5.2.17 Protection of intellectual property

The successful operation and growth of BlueBet's business depends partly on its ability to protect its intellectual property, as well as BlueBet's confidential information. For example, BlueBet has developed customisations and modifications to its technology platform and has developed its website and iOS and Android native apps, using a combination of in-house development staff and industry-experienced third-party providers. While software code is generally protected by copyright, the unique methods and ideas on which that software code is based would generally only be protected as confidential information.

There is a risk that measures used to protect BlueBet's intellectual property may not be adequate to prevent unauthorised use of, or access to, BlueBet's technology, software, data and confidential information. There is also a risk that the validity, ownership or authorised use of BlueBet's intellectual property may be successfully challenged by third parties.

A breach of BlueBet's intellectual property may result in the need to commence legal action, including infringement proceedings, which could be costly and time consuming. A failure or inability by BlueBet to protect its intellectual property rights could have an adverse impact on the Company's business, operations and financial performance.

5.2.18 Infringement of third-party intellectual property rights

There is a risk that third parties may allege that BlueBet's products use their intellectual property without their consent or permission. These third parties could potentially include former employees and contractors of BlueBet who have been involved in the development of the BlueBet platform, or unrelated third parties who have developed products and services that are substantially similar to those offered by BlueBet. In such circumstances, BlueBet may be the subject of claims, disputes or litigation, which could require it to incur significant expenses even if BlueBet were able to successfully defend or settle such claims. If BlueBet was found to have infringed the third party's intellectual property rights, this may result in the Company being required to pay monetary compensation to the third party or take other actions that may cause disruption to its business and increase costs. This in turn could have an adverse impact on the Company's operations, reputation and financial performance.

5.2.19 Data privacy and security

Data privacy and security laws (which directly affect BlueBet's business) are currently under review in Australia and may undergo significant change. Evolving laws in foreign jurisdictions relating to data protection and privacy (including their application to Australian businesses) could also impact BlueBet. In the future, in connection with the Company's proposed expansion into the US, BlueBet may also be required to comply with similar regulatory requirements in different states in the US, which impose new and stricter conditions and limitations on the processing, use and transmission of personal data. Compliance with evolving data privacy and security laws in Australia and foreign jurisdictions may increase costs, require management attention and require changes to the way that BlueBet's products function. There is a risk that recent or future changes to such laws could also have an ongoing impact on the way that BlueBet currently collects and stores customer data. In addition, if BlueBet expands its operations into new or adjacent categories or geographies, its obligations under privacy and data protection laws may become increasingly complex and potentially conflicting.

5.2.20 Litigation, claims and disputes

BlueBet may be subject to litigation and other claims and disputes in the course of its business, including disputes involving customers, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business.

Due to the highly regulated nature of the wagering industry, including the likelihood of further changes to the applicable laws and regulations (which exist in each Australian jurisdiction) and the detailed and complex rules that apply to BlueBet in the conduct and promotion of its wagering business, there is a risk that relevant regulators, government and other authorities and agencies consider that a contravention of applicable laws, regulations and rules has occurred and provide notice of that breach to BlueBet.

There is a risk that any such litigation, claims and disputes could materially and adversely affect the Company's business, operations and financial performance, including the costs of settling such claims, taking remedial action, complying with any orders and other legal and administrative requirements, and the effect on the Company's reputation.

BlueBet was recently fined for breaches of certain regulations relating to the advertising of gambling activities. Compliance procedures have been improved to avoid any repeat breaches. Although BlueBet has in place diligent compliance measures to ensure regulatory compliance, there is a risk that breaches of applicable laws and regulations may occur and that fines may be imposed in respect of breaches of regulations of this nature and other regulations targeting the wagering sector. Those fines may materially and adversely affect the Company's business.

5.2.21 Concentration of Shareholding

After the Offer is completed, the Existing Securityholders in the Company (namely Michael Sullivan and to a lesser extent, Existing Securityholders) will together hold approximately 64.9% of the total Shares on issue in the Company and will continue to be able to exert significant influence over the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders.

There is a risk that the interests of the Existing Securityholders may be different from the interests of investors who acquire Shares under the Offer. There is also a risk that the continued Shareholding of the Existing Securityholders, in particular until the end of the Escrow Period, may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell. There is also a risk that a significant sale of Shares by Existing Securityholders after the end of the Escrow Period, or the perception that such a sale might occur, could adversely impact the price of Shares. The continued Shareholding of Existing Securityholders may also negatively impact the timing and effectiveness of any capital-raising activities of the Company, which could adversely impact the Company's cost of capital and financial position.

5.3 GENERAL INVESTMENT RISKS

5.3.1 Exposure to adverse macroeconomic conditions, including the impact of COVID-19

The Company's financial performance is influenced by the overall condition of retail consumer markets. BlueBet's business depends on consumer discretionary spending, which may be affected by changes in general economic conditions. As a result of the COVID-19 pandemic, there is substantial uncertainty as to the economic outlook in Australia and globally. A prolonged decline in macroeconomic conditions (such as increased and sustained unemployment, subdued consumer confidence, economic recessions, downturns or extended periods of uncertainty or volatility) may adversely impact consumer spending. In weaker economic environments, customers may have less disposable income to spend and may be less likely to engage in gambling activities. In particular, the cessation of JobKeeper payments and small business grants made by federal and state governments could result in a quicker or greater than expected reduction in customer spending.

5.3.2 Exposure to general economic and financial market conditions

Once the Company becomes a publicly listed company on the ASX, it will be subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in the Share price that are not explained by the Company's fundamental operations and activities. There is no guarantee that the price of the Shares will increase following quotation on ASX or that an active trading market will develop in Shares.

Some of the factors that may adversely impact the price of the Shares include:

- general market conditions, including investor sentiment;
- general economic conditions including interest rates, exchange rates, changes to government fiscal, monetary or regulatory policies and settings;
- changes in government or ASX regulation or policies;
- actual or anticipated fluctuations in the Company's financial performance and those of other public companies in its sector;
- changes in accounting principles;
- inclusion in or removal from market indices; and
- general operational and business risks.

Deterioration in general market conditions may adversely impact the price of the Shares after Listing as well as the Company's ability to pay dividends and the consequent returns from an investment in Shares. As a result, the Company is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price. In particular, the COVID-19 pandemic has and may continue to result in unprecedented challenges to global financial markets and the economy as a whole. Capital markets have seen equity securities suffer from spikes in volatility and significant price decline.

5.3.3 Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. The Shares will only be listed on the ASX and will not be listed for trading on any other securities exchange in Australia or elsewhere. There can be no guarantee that an active trading market for Shares will develop or that the market price of Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Company's Shares. When trading volume is low, significant price movement can be caused by trading a relatively small number of Shares. If illiquidity arises, there is a real risk that Securityholders will be unable to realise their investment in the Company.

Further, following Completion, it is expected that the Existing Securityholders will hold up to 64.9% of the Shares, which may also impact liquidity. The Existing Securityholders will enter into voluntary escrow arrangements in relation to their retained Shares as described in Section 7.12 and Section 9.7. The absence of any sale of Shares by these Existing Securityholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares held by the Existing Securityholders will be able to be freely traded on the ASX. A significant sale of Shares by the Existing Securityholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Existing Securityholders may be different from the interests of investors who acquire Shares in the Offer.

5.3.4 No dividend or other distribution in the near term

The Directors do not in the near future intend to pay out profits of the Company in the form of dividends or other distributions. Instead, those amounts will be reinvested in the development of the business and to execute the Company's growth strategies. Accordingly, any investment in the Shares may not carry with it income returns in the form of dividends or other distributions and any returns will be limited to any capital growth arising from any increase in the price of the Shares.

5.3.5 Exposure to changes in tax rules or their interpretation

Tax laws in Australia are complex and are subject to change periodically, as is their interpretation by the courts and the tax revenue authorities. Significant reforms and current proposals for further reforms to Australia's tax laws, and particularly laws, regulations and rules (including under PFIA's with racing and sports controlling bodies), as well as new and evolving interpretations of existing laws, regulations and rules, give rise to uncertainty.

The precise scope of many of the new and proposed tax laws is not yet known. Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax, and the Company's ability to claim R&D offsets and the rates of, and conditions relating to, gaming and bookmaking tax, Product Fees and POC taxes) may adversely impact on Shareholder returns, as may a change to the tax payable by Shareholders in general. Any other changes to Australian tax law and practice that impact the Company, or the wagering sector generally, could also have an adverse effect on Shareholder returns. Any past or future interpretation of the taxation laws and regulations and rules (including under PFIA's with racing and sports controlling bodies) by the Company that is contrary to that of the relevant authority or body may give rise to additional tax or fees payable.

5.3.6 Force majeure events

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other human-made or natural events or occurrences that can have an adverse effect on the demand for BlueBet's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

5.3.7 Accounting standards

Australian Accounting Standards (**AAS**) are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, statement of cash flows and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, statement of cash flows and statement of financial position items, including revenue and receivables, may differ. Changes to the AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially and adversely affect the reported financial performance, cash flows and financial position of the Company.

5.3.8 Shareholder dilution

In the future, the Company may elect to issue Shares to raise further funding. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings and Shareholders may experience a loss in value of their equity as a result of such issues of shares and fundraisings.

6. KEY INDIVIDUALS, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

DIRECTOR	EXPERIENCE AND BACKGROUND
 <p data-bbox="253 779 467 846">Michael Sullivan Executive Chairman</p>	<p data-bbox="564 539 1353 600">Michael Sullivan commenced as a bookmaker in Brisbane in 1988 and was the CEO of Sportingbet Australia/William Hill until 2014.</p> <p data-bbox="564 611 1382 752">During his 13 years as CEO of Sportingbet Australia, Michael grew the company into one of Australia's leading online corporate bookmakers. Michael also served as an adviser to the Sportingbet PLC board as it expanded its international operations. In 2012, Sportingbet acquired competitor Centrebet and integrated Centrebet into its technology platform.</p> <p data-bbox="564 763 1394 965">Under Michael's leadership, the combined entity generated annual turnover of circa \$3 billion, and became the subject of an acquisition from William Hill. The business sold for \$660 million in March 2013. Michael remained as CEO of William Hill Australia to oversee the acquisition of tomwaterhouse.com, and following the integration of that business Michael departed William Hill Australia in April 2014 and founded BlueBet, which has repeated the early growth of Sportingbet Australia.</p> <p data-bbox="564 976 1398 1037">Michael's depth of experience in the Australian and international wagering market is invaluable to the success of BlueBet's strategy.</p>
 <p data-bbox="240 1321 480 1388">Bill Richmond Chief Executive Officer</p>	<p data-bbox="564 1086 1398 1310">Bill Richmond joined Sportingbet in 2004, where he managed a range of departments. As a trading manager, Bill built and managed a team of over 30 traders. After successfully running the day-to-day trading operation for five years, Bill was promoted to Head of Product and Digital Operations. Responsible for products for both the Sportingbet and Centrebet brands, Bill oversaw Sportingbet Australia's growth in available markets/products, which more than doubled during his tenure resulting in increases in bet numbers, active clients, site usability and ultimately, revenue/turnover.</p> <p data-bbox="564 1321 1385 1440">Bill started as BlueBet's COO in 2015 and has managed all day-to-day operations since then. Bill has extensive experience operating large digital businesses at different stages in their life cycle and has worked across trading, marketing, IT and operations. Bill was appointed as the Company's CEO on 1 March 2021.</p> <p data-bbox="564 1451 1331 1512">Bill has a Bachelor of Business and a Bachelor of Arts – Journalism from the Queensland University of Technology.</p>
 <p data-bbox="236 1792 485 1859">Tim Worner Non-Executive Director</p>	<p data-bbox="564 1556 1315 1617">Tim Worner has spent more than three decades in various positions in the Australian media, building and marketing programs and businesses.</p> <p data-bbox="564 1628 1394 1830">He was the Director of Programming and Production at the Seven Network, taking it to number one for more than 10 years. He was then appointed Managing Director and Chief Executive Officer of Seven West Media (SWM), a group of television, radio, newspaper, magazine and digital businesses with an annual turnover of \$1.7 billion. He led negotiations for sports rights and was instrumental in the establishment of racing.com – a free-to-air television and online content joint venture between Racing Victoria and SWM.</p> <p data-bbox="564 1841 1366 1924">He is the former Chairman of Australian News Channel, which produced Sky News, and a former director of Yahoo 7, the Sydney Swans and Airtasker. He is now an investor in a number of start-up ventures.</p>

DIRECTOR	EXPERIENCE AND BACKGROUND
 <p data-bbox="236 474 485 539">David Fleming Non-Executive Director</p>	<p data-bbox="564 237 1385 322">David is a non-executive director of URef Pty Ltd, a sports technology and odds-making start-up company. He is also the founder of Springboard Advisory, providing business consulting and executive performance coaching services.</p> <p data-bbox="564 333 1394 562">David practised law for over 30 years with Baker McKenzie in Australia, England and Hong Kong. Prior to his retirement from Baker McKenzie in late 2017 he was an international partner for 22 years, focusing on mergers and acquisitions (M&A) and corporate transactions. David also held a number of senior management positions at Baker McKenzie – including managing partner of five offices in Asia, head of M&A in Hong Kong and Asia-Pacific, and was a member of a number of firm committees responsible for strategic planning and governance, nominations, and professional responsibility.</p> <p data-bbox="564 573 1251 600">David is a member of the Australian Institute of Company Directors.</p>
 <p data-bbox="236 889 485 954">Nigel Payne Non-Executive Director</p>	<p data-bbox="564 651 1394 795">Nigel Payne has over 30 years' experience as chairman, chief executive, director and non-executive director of some of the United Kingdom's pre-eminent private and quoted businesses both within and outside of the online gambling industry. Nigel is the former CEO of FTSE 250 Listed Sportingbet Plc, one of the then largest internet gambling businesses in the world.</p> <p data-bbox="564 806 1394 1005">Nigel has been involved in the listing of 18 businesses on the London Stock Exchange, and is presently the Chairman of UK AIM market-listed law firm Gateley (Holdings) PLC and the Chairman of UK Main Market-listed Braemar Shipping Services PLC. Nigel is also a non-executive director of UK AIM market listed GetBusy plc, as well as being a non-executive director of Ascot Racecourse Betting and Gaming Limited, and computer games specialists Green Man Gaming Limited and Kwalee Limited.</p> <p data-bbox="564 1016 1337 1072">Nigel is the former Chairman of UK AIM market-listed Stride Gaming plc, EG Solutions plc and ECSC Group plc.</p>

The composition of the Board committees and a summary of its key corporate governance policies are set out in Section 6.7 and Section 6.8.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-Executive Director or Executive Director as the case may be, without constraint having regard to their other commitments.

6.2 EXECUTIVE MANAGEMENT

Profiles of the key members of the Company's executive management team are set out in the table below.

EXECUTIVE	EXPERIENCE AND BACKGROUND
<p data-bbox="236 1496 485 1561">Bill Richmond Chief Executive Officer</p>	<p data-bbox="564 1496 719 1523">See Section 6.1</p>
 <p data-bbox="236 1845 485 1910">Darren Holley Chief Financial Officer</p>	<p data-bbox="564 1608 1394 1778">Darren is an experienced finance and operations executive having over 30 years' experience across fast-moving consumer goods (FMCG), manufacturing, distribution and gaming sectors. Prior to joining BlueBet, Darren spent almost 11 years at ASX-listed company Aristocrat Leisure Limited in senior finance and operational roles across its international business, with his most recent role being Senior Vice President, Global Operations, based in Las Vegas.</p> <p data-bbox="564 1789 1394 1960">Prior to Aristocrat, Darren held senior finance roles in OneSteel Limited and Goodman Fielder (at the time, both ASX-listed companies). Darren's varied financial and operational experience working for listed companies in highly regulated commercial environments, coupled with his recent exposure to the US gaming market, make him a valued asset in delivering BlueBet's growth strategy. Darren recently returned to Australia, joining BlueBet in February 2021.</p> <p data-bbox="564 1971 1362 2027">Darren has a Bachelor of Commerce from the University of Newcastle, and is a Fellow of CPA Australia.</p>

6.3 INTERESTS AND BENEFITS

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

(a) Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Ord Minnett and Morgans have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 9.6;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$800,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;
- Addison's has acted as Australian wagering regulatory adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$82,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Addison's in accordance with its normal time-based charges;
- Ernst & Young Strategy & Transactions Limited has acted as the Investigating Accountant in connection with the Offer and has prepared the Independent Limited Assurance Report. The Company has paid, or agreed to pay, approximately \$35,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Ernst & Young Strategy & Transactions Limited in accordance with its normal time-based charges;
- Ernst & Young (EY) has provided financial and tax due diligence services and has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$395,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid Ernst & Young (EY) in accordance with its normal time-based charges; and
- Frost & Sullivan has acted as the Independent Market Expert to the Offer and has prepared the Independent Market Report referred to in Section 2. The Company has paid, or has agreed to pay, approximately \$17,000 (excluding disbursements and GST) for these services up and until the Prospectus Date.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of funds and payment of expenses of the Offer is set out in Section 7.1.

(b) Directors' interests and remuneration*(i) Chief Executive Officer*

Bill Richmond is employed as Chief Executive Officer. See Section 6.4(b) for further details.

(ii) Directors' appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of the appointments, their roles and responsibilities and the Company expectations of them as Directors.

(iii) Non-Executive Directors remuneration

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of Directors' fees paid to the Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate Directors' remuneration for the purposes of the ASX Listing Rules and the Constitution is \$500,000 per annum. This amount excludes, among other things, amounts payable to any Executive Director under any executive services agreement with the Group or any special remuneration that the Board may be granted to the Directors for special exertions or additional services performed by a Director for or at the request of the Company.

The following annual base fees are payable to Directors (with effect from Completion).

DIRECTOR FEES	\$
Executive Chairman	\$300,000 (excluding superannuation)
Non-Executive Director	\$80,000 (excluding superannuation)

The following annual committee fees are payable to the Chairman of the Audit and Risk Committee and Remuneration and Nomination Committee (with effect from Completion).

COMMITTEE FEES	CHAIRMAN FEE (\$)
Audit and Risk Committee	\$10,000 (excluding superannuation)
Remuneration and Nomination Committee	\$10,000 (excluding superannuation)

All Directors' fees will include superannuation payments required by law to be made.

(iv) Deeds of access, insurance and indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, and charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, 'Group Company' means the Company, a subsidiary of the Company, any companies that are 50% or more owned directly or indirectly by any other Group Company, or any partnership or unincorporated joint venture in which any Group Company or a Related Body Corporate of the Company has an interest of 50% or more.

(v) Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in the Company as at the Prospectus Date and as at Completion are set out in the table below:

DIRECTOR	AS AT THE PROSPECTUS DATE	AS AT COMPLETION	
	EXISTING SECURITIES (MILLION) ¹	SHARES (MILLION) ²	OPTIONS (MILLION)
Michael Sullivan	100.0	83.2	0.8
Bill Richmond	19.5	16.2	0.8
Nigel Payne	-	-	-
Tim Worner	-	-	0.2
David Fleming	-	-	0.2
Total	119.5	99.4	2.1

Notes:

1. Calculated on a fully diluted basis (i.e., by taking into account an exercise of the Legacy Options by Directors). Reflects a notional 1,000,000 for 1 share split because, under the Implementation Deed, this is the ratio at which shares or options over shares (as applicable) in BlueBet Pty Ltd will be exchanged in consideration for Shares in the Company, as part of the Restructure described in Section 9.3.
2. Excludes any Shares that the Directors may acquire as part of the Offer at the Offer Price.

The Directors (and their associated entities) are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors (and their associated entities) may acquire under the Offer.

Final shareholdings held directly or indirectly by the Directors (and their associated entities) will be notified to ASX following Listing. The Shares recorded in the above table will be subject to voluntary escrow arrangements as outlined in Section 7.12 and Section 9.7.

(vi) Other information about Directors' interests and benefits

Directors may also be reimbursed travel and other expenses incurred in attending to company affairs, including attending and returning from general meetings or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board).

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. For details of other pre-IPO/Offer Director transactions see Section 4.5.1.

6.4 EXECUTIVE REMUNERATION

In addition to the Directors, the Key Management Personnel of the Company for the purposes of the Company's future remuneration reporting obligations are Bill Richmond (Chief Executive Officer) and Darren Holley (Chief Financial Officer). Their employment arrangements are set out below together with the employment arrangements of Michael Sullivan (Executive Chairman).

(a) Executive Chairman – Mr Michael Sullivan

TERM	DESCRIPTION
Employer	BlueBet Holdings Ltd.
Fixed annual remuneration	\$300,000 (excluding superannuation).
Short-term incentive (STI)	<p>Mr Sullivan is eligible to receive a cash bonus of up to 50% of his fixed annual remuneration.</p> <p>The cash incentive is paid at the discretion of the Company and is calculated after an evaluation of his performance in the exercise of his duties as Executive Chairman, and the extent to which the Company achieves its financial targets and forecasts.</p>
Long-term incentive (LTI)	<p>Mr Sullivan is entitled to participate in the Company's LTIP, and will receive 804,823 options immediately following Completion under the proposed LTIP Grant.</p> <p>Further details on the LTIP are set out in Section 6.5 below, including key terms and conditions (such as the vesting conditions).</p>
Other benefits	<p>Mr Sullivan will receive \$19.2 million in the Company in connection with the Restructure, as described in Section 9.3.</p> <p>Mr Sullivan also receives the benefit of two asset loan agreements (for two motor vehicles) entered into by BlueBet Pty Ltd, which the Board has determined form part of his reasonable remuneration.</p>
Notice period, termination and termination payments	<p>Under Mr Sullivan's employment contract, either he or BlueBet may terminate his employment by giving the other party three months' notice (or by BlueBet making payment of his salary in lieu of part of or all of the notice period).</p> <p>BlueBet may terminate Mr Sullivan's employment contract in certain circumstances, including where he is in breach of BlueBet's policies, refuses to carry out direction, engages in dishonest or serious misconduct or is unable to carry out its duties.</p>
Non-solicitation/restrictions of future activities	<p>Mr Sullivan's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> • non-competition restraints, prohibiting the provision of services similar to the services provided by BlueBet to any person who is or was 12 months prior to the termination of Mr Sullivan's employment, a client or customer or prospective customer of BlueBet; • restrictions against soliciting, canvassing or enticing away from BlueBet a person who is or was in the 12 months prior to the termination of Mr Sullivan's employment, a client or customer or prospective customer of BlueBet; • restrictions against soliciting, canvassing or enticing away from BlueBet a person who is or was in the 12 months prior to the termination of Mr Sullivan's employment, a partner, manager, consultant or employee of BlueBet; <p>The restrictions above purport to operate for up to nine months post-employment.</p> <ul style="list-style-type: none"> • Restrictions on interfering with the relationship between BlueBet and any person or organisation who was at any time in the preceding 12 months prior to the termination of Mr Sullivan's employment, a client, customer, employee or supplier of BlueBet. • Restrictions relating to the use of confidential information to the Company, representing ongoing employment with the Company, or procuring a person to do any of the above. <p>The restrictions above purport to operate indefinitely post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

(b) Chief Executive Officer – Mr Bill Richmond

TERM	DESCRIPTION
Employer	BlueBet Holdings Ltd.
Fixed annual remuneration	\$375,000 (excluding superannuation).
Short-term incentive (STI)	Mr Richmond is eligible to receive a cash bonus of up to 50% of his fixed annual remuneration. The cash incentive is paid at the discretion of the Company and is calculated after an evaluation of his performance in the exercise of his duties as Chief Executive Officer and the extent to which the Company achieves its financial targets and forecasts.
Long-term incentive (LTI)	Mr Richmond is entitled to participate in the Company's LTIP, and will receive 804,823 options immediately following Completion under the proposed LTIP Grant. Further details on the LTIP are set out in Section 6.5 below, including key terms and conditions (such as the vesting conditions).
Other benefits	Mr Richmond will receive \$3.8 million in the Company in connection with the Restructure, as described in Section 9.3.
Notice period, termination and termination payments	The notice period, termination and termination conditions that apply to Mr Richmond are the same as those that apply to Mr Sullivan.
Non-solicitation/restrictions of future activities	The non-solicitation conditions and restrictions on future activities that apply to Mr Richmond are the same as those that apply to Mr Sullivan.

(c) Chief Financial Officer – Mr Darren Holley

TERM	DESCRIPTION
Employer	BlueBet Holdings Ltd.
Fixed annual remuneration	\$350,000 (including superannuation).
Short-term incentive (STI)	Mr Holley is eligible to receive a cash bonus of up to 50% of his fixed annual remuneration. The cash incentive is paid at the discretion of the Company and is calculated after an evaluation of his performance in the exercise of his duties as Chief Financial Officer, and the extent to which the Company achieves its financial targets and forecasts.
Long-term incentive (LTI)	Mr Holley is entitled to participate in the Company's LTIP, and will receive 1,207,235 options immediately following Completion under the proposed LTIP Grant. Further details on the LTIP are set out in Section 6.5 below, including key terms and conditions (such as the vesting conditions).
Other benefits	Mr Holley does not receive any other benefits.
Notice period, termination and termination payments	The notice period, termination and termination conditions that apply to Mr Holley are the same as those that apply to Mr Sullivan and Mr Richmond.
Non-solicitation/restrictions of future activities	The non-solicitation conditions and restrictions on future activities that apply to Mr Holley are the same as those that apply to Mr Sullivan and Mr Richmond.

6.5 EQUITY-BASED REMUNERATION ARRANGEMENTS

(a) BlueBet Long-Term Incentive Plan (LTIP)

Prior to the Prospectus Date, the Company established the LTIP to assist in the motivation, retention and reward of certain employees, Non-Executive Directors and Key Management Personnel engaged by the Company or any of its subsidiaries (**Participants**). The LTIP is designed to align the interests of Participants more closely with the interests of Shareholders.

The Company will make offers of Options under the LTIP to certain employees, the Executive Director and the Non-Executive Directors under this Prospectus pursuant to the Employee Option Offer. Details of these offers are described in Section 7.9.

The rules of the LTIP (**LTIP Plan Rules**) have the following key features:

TERM	DESCRIPTION
Eligibility	Offers may be made at the Company's discretion to Non-Executive Directors, employees (including any Executive Directors), contractors, casual employees, officers or any other person the Company may determine to be eligible to receive a grant under the LTIP Plan Rules.
Vesting	<p>Vesting of the Performance Rights, Options or Shares issued under the LTIP Plan Rules to each Participant is subject to vesting or performance conditions specified in the offer document for each grant and determined by the Company.</p> <p>Subject to the LTIP Plan Rules and the terms of an offer document, an offer of Performance Rights, Options or Shares may lapse or be forfeited if such performance or vesting conditions are not satisfied.</p> <p>A Participant is required to pay any exercise price applicable on the exercise of an Option.</p>
Types of securities	<p>The Company may grant Performance Rights, Options and/or Shares as incentives, subject to the terms and conditions of each individual offer.</p> <p>A holder of a Performance Right will be entitled to receive Shares to the satisfaction of applicable performance and vesting conditions (if applicable).</p> <p>A holder of an Option will be entitled to receive Shares upon satisfaction of applicable conditions and payment of an exercise price (determined at the time of being granted).</p> <p>Shares offered may be subject to dealing restrictions, vesting conditions or other restrictions or conditions.</p> <p>Unless otherwise specified in an offer document, the Company has the discretion to settle any Performance Rights or Options with cash equivalent payment.</p>
Offers under the LTIP Plan Rules	Subject to any requirements for Shareholder approval or any applicable laws, the Company may make offers at its absolute discretion under the LTIP Plan Rules. The Board will have the discretion to set the terms and conditions of each incentive offer it intends to make to eligible Participants.
Issue price and exercise price	The Board will determine the issue price (if any) and the exercise price for each grant of Performance Rights, Options or Shares allocated under the LTIP Plan Rules.
Cessation of employment	Under the LTIP Plan Rules, the Board has broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the Participant ceases employment.
Clawback and avoiding inappropriate benefits	The LTIP Plan Rules provide the Board with broad clawback powers if, for example, the Participant has acted fraudulently or dishonestly, or there is a material financial misstatement.

TERM	DESCRIPTION
Change of control	The Board may determine that all or a specified number of a Participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the LTIP Plan Rules.
Reconstructions, corporate actions, rights issues, bonus issues, etc.	The LTIP Plan Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the Participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealings	Prior to vesting, the LTIP Plan Rules provide the Participant must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, Participants will be free to deal with their incentives, subject to the Company's Securities Trading Policy.
Expiry	Performance Rights, Options or Shares will lapse seven years after the Grant Date if not exercised or lapsed before this date, unless a different period is included in a Participant's grant letter.
Board powers and discretions	The BlueBet Board has certain powers and discretions under the LTIP Plan Rules including, for example, in relation to vesting conditions, the issue of Performance Rights, Options or Shares, and the treatment of Performance Rights, Options or Shares held by leavers.

(b) Initial grant of employee incentives under the LTIP

The Company makes, under this Prospectus and pursuant to the Employee Option Offer, an offer of Options to certain employees, as well as the Key Management Personnel and Non-Executive Directors under the LTIP. Options will also be offered to a consultant, who is assisting the Company in executing on its US market entry strategy (**US Consultant**) Subject to acceptance by the relevant Participant, the Employee Option Offer results in the grant of Options at the time of Completion of the IPO (the **LTIP Grant**).

The LTIP Grant is designed to align the interests of employees, officers and Key Management Personnel more closely with the interests of Shareholders by providing them an opportunity to receive the benefit of increases in the value of Shares in the Company through the granting of Options. The Options will be subject to satisfaction of certain vesting conditions.

The Company will grant up to 10.3 million Options under the LTIP Grant.

The key features of the LTIP Grant are outlined below:

TERM	DESCRIPTION
Participants	Offers are intended to each member of the Key Management Personnel (Michael Sullivan, Bill Richmond, Darren Holley), to two of the independent Non-Executive Directors (Tim Worner and David Fleming), to the US Consultant, as well as certain other employees (together, LTIP Participants).
Award	The Award will be a single tranche of Options that will be granted to LTIP Participants immediately following the Completion of the IPO (Grant Date).
Issue price and exercise price	Depending on the Participant, Options under the Initial LTIP Grant are either issued: <ul style="list-style-type: none"> • for the issue price shown in the table below the exercise price shown in the table immediately following below. All Options offered to members are offered on these terms; or • for nil consideration and have the exercise price shown in the table immediately following below.
Vesting	The number of Options that vest is determined by reference to satisfaction of the time-based vesting conditions set out in the LTIP Participant's invitation letter.

TERM	DESCRIPTION
Vesting period and conditions	<p>The vesting period is between the Grant Date and 29 June 2025.</p> <p>The vesting of Options granted under the LTIP are subject to time-based vesting conditions. Options that are granted under the LTIP to the independent Non-Executive Directors and Key Management Personnel will vest:</p> <ul style="list-style-type: none"> • in respect of one-third of the Options, on the date that is 24 months after the issue date of the Options (Year 2); • in respect of one-third of the Options, on the date that is 36 months after the issue date of the Options (Year 3); • in respect of the remaining third of the Options, on the date that is 48 months after the issue date of the Options (Year 4). <p>Options granted to other LTIP Participants may need to satisfy time-based vesting conditions, performance-based vesting conditions or a combination of both.</p>
Performance conditions	<p>No performance conditions are required to be satisfied in order for Options granted to the Independent Non-Executive Directors or Key Management Personnel to vest; however, since each Option's exercise price is equal to the Offer Price, the Options will only have value to Participants if BlueBet experiences an improvement in its Share price over the IPO Offer Price over time.</p> <p>Options granted to the US Consultant will vest in accordance with the achievement of certain performance milestones that align with the Company's US market entry strategy (as described in Section 3.3 of the Prospectus).</p>
Cessation of employment/office	<p>The default treatment in the LTIP Plan Rules applies.</p> <p>If an LTIP Participant ceases to be an employee or officeholder due to (i) resignation (other than due to Special Circumstance as defined below), (ii) dismissal for cause or poor performance, or (iii) any other circumstances determined by the Board to constitute a Bad Leaver (Bad Leaver) then, subject to compliance with ASX Listing Rules and the Corporations Act:</p> <ul style="list-style-type: none"> • any unvested Options held by the LTIP Participant will immediately lapse; and • any vested Options that have not been exercised will lapse on the date the LTIP Participant ceases to be an employee of the Company. <p>If an LTIP Participant ceases to be an employee or officeholder of the Company due to permanent disablement or terminal illness, mental illness, redundancy or death (each a Special Circumstance) or otherwise for reasons other than as a Bad Leaver (Good Leaver):</p> <ul style="list-style-type: none"> • unvested Options will remain in place (other than to the extent that the Board determines that they will lapse in accordance with the LTIP Plan Rules); and • vested Options that have not been exercised will remain in force and exercisable until they expire in accordance with the LTIP Plan Rules. <p>Notwithstanding the above, the Board may, subject to compliance with ASX Listing Rules and the Corporations Act, determine to treat any unvested Options held by the relevant Participant in any way other than in the manner set out above.</p>
Change of control	<p>The default treatment in the LTIP Plan Rules applies.</p>
Clawback and preventing inappropriate benefits	<p>The clawback provision under the LTIP Plan Rules does not apply to Options granted under the initial LTIP Grant to Non-Executive Directors and Key Management Personnel as there are no performance-based vesting conditions.</p> <p>The clawback provision under the LTIP Rules may apply to Options granted to the US Consultant.</p>
Reconstructions, corporate actions, rights issues, bonus issues, etc.	<p>The default treatment in the LTIP Plan Rules applies.</p>

TERM	DESCRIPTION
Restrictions on dealings	The default treatment in the LTIP Plan Rules applies.
Expiry	Options will lapse if certain vesting or performance conditions specified in the Offer document are not met. Options will lapse 7 years after the Grant Date if not exercised or lapsed before this date.

Offers for the following grants of Options have been made to the following Key Management Personnel and Executive Directors of the Company under the LTIP Grant:

PARTICIPANT	NUMBER OF OPTIONS	ISSUE PRICE	EXERCISE PRICE	FINAL VESTING DATE ¹	EXPIRY DATE ²
Michael Sullivan	804,823	\$0.09	\$1.14	29 June 2025	29 June 2028
Bill Richmond	804,823	\$0.09	\$1.14	29 June 2025	29 June 2028
Darren Holley	1,207,235	\$0.09	\$1.14	29 June 2025	29 June 2028
Tim Worner	241,447	\$0.09	\$1.14	29 June 2025	29 June 2028
David Fleming	241,447	\$0.09	\$1.14	29 June 2025	29 June 2028

Notes:

1. The final vesting date is the last date that Options will vest and become exercisable under the LTIP Grant.
2. The expiry date is the last date that vested Options are able to be exercised in exchange for Shares.

6.6 CORPORATE GOVERNANCE

This Section explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a Listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. The Company must also disclose what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Prior to Completion, copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.bluebetoffer.com.au.

6.7 THE BOARD OF DIRECTORS

The name and biographical details of the current members of the Board of Directors are contained in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Securityholders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Tim Worner, Nigel Payne and David Fleming is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Michael Sullivan is currently considered by the Board not to be independent on the basis that he is Executive Chairman and is a substantial Shareholder (as at Completion, Mr Sullivan is expected to have an interest in 83.2 million Shares and 0.8 million Options).

Bill Richmond is currently considered by the Board not to be independent on the basis that he is the CEO of the Company.

Accordingly, as at Listing, the Board will consist of a majority of independent Directors consistent with the ASX Recommendations.

(a) Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity that are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

(b) Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

(i) *Audit and Risk Committee*

The role of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the Financial Information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise Nigel Payne (Chair), David Fleming and Tim Worner.

(ii) Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination and remuneration policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nomination Committee is also responsible for administering short-term and long-term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place, (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Company will comply with the recommendations set by the Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise Nigel Payne (Chair), Michael Sullivan and Tim Worner.

6.8 CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

(a) Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Continuous Disclosure Policy to take effect from Listing, which reinforces the Company's commitment to its continuous disclosure obligations and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

(b) Shareholder Communication Policy

The Company aims to keep Shareholders informed of major developments affecting the Company. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the Company's Annual General Meeting and through the Company's Annual Report and ASX announcements.

(c) Securities Trading Policy

The Company has adopted a Securities Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited by law, and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company and the Company's Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy provides that Directors, employees and contractors must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- one day immediately before the close of trading for a relevant period in respect of the Company's quarterly report, half-yearly results, full-year results, and one day immediately following release of such report or results;
- one day immediately before the Company's Annual General Meeting and one day immediately following such Annual General Meeting; and
- any other period that the Board specifies from time to time.

Directors and restricted employees must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

(d) Code of Conduct

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its representatives to behave and conduct business in the workplace, and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a benchmark for professional behaviour throughout the Company's business, support its business reputation and corporate image within the community and make the Company's Directors and employees aware of the consequences if they breach this policy.

(e) Diversity Policy

The Board has approved a Diversity Policy that sets out the Company's commitment to an inclusive and diverse workforce. The Company will include in its corporate governance statement each year (except 2021) details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of the Company's progress towards achieving those measurable objectives.

(f) Whistle-blower Protection Policy

The Company is committed to the highest standards of conduct and ethical behaviour in all its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. This policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistle-blowers without fear of reprisal or detrimental treatment.

(g) Anti-bribery and Corruption Policy

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those laws relating to bribery and corruption. The Anti-bribery and Corruption Policy sets out the responsibilities of the Company's personnel, including in their dealings with, and through, third parties. It addresses protection of the Company's personnel in seeking to comply with this policy, dealing with false reports, investigations, consequences for breach, examples of improper conduct, contact with government officials, donations, in-kind gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments and secret commissions.

BlueBet

7. DETAILS OF THE OFFER



7. DETAILS OF THE OFFER

7.1 THE OFFER

This Prospectus relates to an initial public offering of 70.2 million Shares at the Offer Price of \$1.14 per Share. The Offer is expected to raise approximately \$80.0 million.

The total number of Shares expected to be on issue at Completion will be 200.1 million. All Shares will rank equally with each other. The Shares offered under this Prospectus will represent approximately 35.1% of the Shares on issue at Completion.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

(a) Structure of the Offer

The Offer comprises:

- the **Retail Offer**, consisting of:
 - the **Broker Firm Offer**, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; and
 - the **Priority Offer**, which is open to select investors who have received a Priority Offer Invitation; and
- the **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.6.

Details of the Priority Offer and the allocation policy under it are described in Section 7.7.

Details of the Institutional Offer and the allocation policy under it are described in Section 7.8.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events that would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.6.

(b) Purpose of the Offer

The purpose of the Offer is to:

- raise new funds to support BlueBet's continued growth;
- provide working capital to strengthen the balance sheet of the Company;
- undertake an ASX Listing and provide the Company with the benefits of being a listed entity, which include:
 - further increasing the Company's profile;
 - ongoing access to capital markets; and
 - ability to provide scrip as consideration for potential future acquisitions.

The Offer also provides Existing Securityholders with an opportunity to realise part of their investment in the Company.

The proceeds of the Offer will be received by the Company and applied as set out in the table below.

USES OF FUNDS	\$ MILLION	%
Marketing spend in Australia	10.0	12.5%
Establish US business and acquire initial licences	30.0	37.5%
Technology and platform development	4.7	5.9%
Costs of the Offer ^{1,2}	5.3	6.6%
Proceeds to Existing Securityholders	30.0	37.5%
Total	80.0	100.0%

Notes:

1. The Company will bear all of the costs associated with the Offer.
2. Offer costs includes the fees payable to advisers as referred to in Section 6.3.(a), as well as other costs such as registry fees, ASX listing fees and other adviser fees.

The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments, the market, and general and specific economic conditions including COVID-19. In light of this, the Board reserves its right to alter the way the funds are applied.

The Board expects that the Company will have sufficient cash flow from operations to meet its business needs and, together with the net proceeds of the primary component of the Offer, will have sufficient working capital to carry out its stated business objectives.

Refer to Section 4.6.1 for a summary of the indebtedness of BlueBet as at 31 December 2020 on a statutory basis (before Completion of the Offer) and on a pro forma basis (assuming Completion of the Offer as at that date).

7.2 SHAREHOLDING STRUCTURE

The details of the ownership of Existing Securities as at the Prospectus Date, and on Completion of the Offer, are set out in the table below.

SECURITYHOLDERS	EXISTING SECURITIES HELD AT THE PROSPECTUS DATE ¹		SHARES HELD AT COMPLETION ²	
	(%)	(MILLION)	(%)	(MILLION)
Michael Sullivan	64.0%	100.0	41.6%	83.2
Bill Richmond	12.5%	19.5	8.1%	16.2
Duncan McRae	12.5%	19.5	8.1%	16.2
Other Existing Securityholders	11.0%	17.2	7.1%	14.3
New Shareholders	0.0%	-	35.1%	70.2
Total	100.0%	156.3	100.0%	200.1

Notes:

1. On a fully diluted basis. Reflects a notional 1,000,000 for 1 share split because, under the Implementation Deed, this is the ratio at which shares or options over shares (as applicable) in BlueBet Pty Ltd will be exchanged in consideration for Shares in the Company, as part of the Restructure described in Section 9.3.
2. The holding information for the Existing Securityholders excludes any other Shares that they may acquire as part of the Offer at the Offer Price.

At Completion, 64.9% of the Shares on issue will be subject to voluntary escrow arrangements. In the opinion of the Company, the free float of Shares at the time of Listing on the Official List will be no less than 20% of the Shares on issue at that time. See Section 7.12 and Section 9.7 for more information.

7.3 DESCRIPTION OF THE SYNDICATE

Morgans and Ord Minnett are the Joint Lead Managers to the Offer.

7.4 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid Shares in the Company). Options issued to Non-Executive Directors, members of senior management and other employees.
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.16 below.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$1.14 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 8. No securities will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Prospectus Date.
What are the cash proceeds to be raised?	\$80.0 million will be raised under the Offer based on the Offer Price (comprising approximately \$50.0 million from the issue of Shares by the Company).
Is the offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer. Details are provided in Section 7.11 and Section 9.6.
What is the minimum Application size under the Offer?	Applicants must apply for a minimum of 1,755 Shares, representing a minimum investment of \$2,000.70.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer has been determined by the Joint Lead Managers and Underwriters, in consultation with BlueBet. Details of the allocation policies are set out in Section 7.6, Section 7.7 and Section 7.8.
Will the securities be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'BBT'. Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the securities expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about Friday, 2 July 2021. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the BlueBet Offer Information Line, by a Broker or otherwise.

When will I receive confirmation of whether my Application has been successful?	It is expected that initial holding statements will be mailed to Successful Applicants on or about Wednesday, 30 June 2021. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Are there any escrow arrangements?	Yes. 129.9 million Shares held post Completion of the Offer will be subject to voluntary escrow arrangements for the Escrow Period. Details are provided in Section 7.12 and Section 9.7.
Has any ASIC relief or ASIC waiver or modification been obtained or relied on?	The Company has submitted a standard relief application to ASIC for an exemption from section 707(3) of the Corporations Act in relation to the grant of Options under the Offer. Details are provided in Section 9.10.
Are there any taxation considerations?	Yes. Details are provided in Section 9.11.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Section 6.3(a) for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the BlueBet Offer Information Line on 1300 068 177 (toll free within Australia) or +61 2 8023 5416 (outside Australia) between 8.30 am and 5.30 pm (Sydney time), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.5 TERMS AND CONDITIONS OF THE EMPLOYEE OPTION OFFER

The terms and conditions of the Employee Option Offer are described above in Section 6.5 and below in Section 7.9.

7.6 BROKER FIRM OFFER

(a) Who can apply

The Broker Firm Offer is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate in the Offer under this Prospectus.

If you have received an invitation to participate from your Broker, you will be treated as eligible to become a Broker Firm Offer Applicant under the Broker Firm Offer. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.

(b) How to apply?

If you have received an invitation to participate from your Broker and wish to apply for Shares under the Broker Firm Offer, you should contact your Broker for information about how to complete and lodge your Application Form and for payment instructions. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form. Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form or download a copy at www.bluebetoffer.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00 pm (AEST) on the Closing Date (being Wednesday, 23 June 2021) or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your invitation to participate. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement Prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Broker Firm Offer is \$2,000.70 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.

The Company and the Joint Lead Managers reserve the right to reject or scale back any Applications in the Broker Firm Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded by your Broker in full (without interest).

The Company and the Joint Lead Managers may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 10.00 am (AEST) on the Opening Date (being Thursday, 17 June 2021) and is expected to close at 5.00 pm (AEST) on the Closing Date (being Wednesday, 23 June 2021).

The Company and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier Closing Date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

(c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

(d) What is the Broker Firm Offer allocation policy?

The basis of allocation of Shares under the Offer will be determined by the Company and the Joint Lead Managers. Shares that are allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

(e) Acceptance of Applications

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the number of Shares specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company, reserve the right to reject any Application that is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.7 PRIORITY OFFER

(a) Who can apply?

The Priority Offer is open to Retail Offer Investors nominated by the Company. If you are a Priority Offer Applicant, you should have received a personalised Priority Offer Invitation to apply for Shares under the Priority Offer.

(b) How to apply

If you have received a personalised Priority Offer Invitation and wish to apply for Shares, you should follow the instructions on your personalised Priority Offer Invitation.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement Prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application size under the Priority Offer is \$2,000.70 worth of Shares.

There is no maximum value of Shares that may be applied for under the Priority Offer.

The Company and the Joint Lead Managers reserve the right to reject or scale back and Applications under the Priority Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded in full (without interest).

The Company and the Joint Lead Managers may determine a person to be eligible to participate in the Priority Offer and may amend or waive the Priority Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Priority Offer opens at 10.00 am (AEST) on the Opening Date (being Thursday, 17 June 2021) and is expected to close at 5.00 pm (AEST) on the Closing Date (being Wednesday, 23 June 2021).

The Company and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If the amount of your BPAY payment for Application Monies (or the amount for which those BPAY payments clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form), or your Application may be rejected.

If you are a Priority Offer Applicant, go to www.bluebetoffer.com.au and complete an online Application Form.

(c) How to pay

Payment may be made via BPAY only by following the instructions on the online Application Form. It is the responsibility of the Applicant to ensure payments are received by the Share Registry by 5.00 pm (AEST) on the Closing Date (being 23 June 2021). You should be aware that your financial institution may impose a limit on the amount that you can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between financial institutions, and you should therefore take this into consideration when making payment.

(d) What is the Priority Offer allocation policy?

Allocations under the Priority Offer will be at the absolute discretion of the Company and the Joint Lead Managers.

(e) Acceptance of Applications

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 7.4 and the acknowledgements in Section 7.10). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company, reserve the right to reject any Application that is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.8 INSTITUTIONAL OFFER

(a) Invitations to bid

The Company and the Joint Lead Managers have invited certain Institutional Investors in Australia and other eligible foreign jurisdictions to bid for Shares in the Institutional Offer. The Joint Lead Managers and Underwriters will advise the application procedures for Institutional Investors.

(b) Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with the Company. The Joint Lead Managers and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on ASX;
- the Company's desire to establish a wide spread of institutional Shareholders;
- the overall level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term Shareholders; and
- any other factors that the Joint Lead Managers and the Company considered appropriate.

7.9 EMPLOYEE OPTION OFFER

7.9.1 LTIP Option Offer

(a) *Who can apply?*

The LTIP Option Offer is open to employees who have received a personalised invitation to participate in the LTIP Option Offer from BlueBet.

If you have been invited by BlueBet to participate in the LTIP Option Offer, you will be treated as an Applicant under the LTIP Option Offer in respect of those Options that are allocated to you.

(b) *How to apply*

If you have received an LTIP Option Offer invitation and you wish to apply for Options, you should follow the instructions in your personalised invitation.

(c) *Application Monies*

No payment is required for the LTIP Option Offer.

(d) *Allocation policy*

Options will be granted to Participants as set out in each Participant's LTIP Option Offer invitation.

(e) *Further information about the LTIP Option Offer*

See Section 6 of the Prospectus for a detailed explanation of the LTIP Rules and the proposed grant to be made to employees. Refer to Section 9.11 of the Prospectus for an overview of the potential Australian taxation implications of participating in the LTIP Option Offer.

7.9.2 LTIP Option Purchase Offer

(a) *Who can apply?*

The LTIP Option Purchase Offer is open to Non-Executive Directors and senior members of Management who have received a personalised invitation to participate in the LTIP Option Purchase Offer from BlueBet.

If you have been invited by BlueBet to participate in the LTIP Option Purchase Offer, you will be treated as an Applicant under the LTIP Option Purchase Offer in respect of those Options that are allocated to you.

(b) *How to apply*

If you have received an LTIP Option Purchase Offer invitation and you wish to apply for Options, you should follow the instructions in your personalised invitation.

(c) *Application Monies*

Each Participant can elect to purchase the number of Options stipulated in their personalised invitation on Completion. The purchase price of each Option will be equivalent to the fair value of the Option and will be set out in each LTIP Option Purchase Offer invitation.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the LTIP Option Purchase Offer whose Applications are not accepted, or who are allocated a lesser number of Options than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Options calculated by dividing the Application amount by the Offer Price. Where the Offer Price does not divide evenly into the Application amount, the number of Options to be allocated will be determined by the Company.

(d) How to pay

Applicants under the LTIP Option Purchase Offer must pay their Application Monies in accordance with the instructions on the relevant Application Form.

(e) Further information about the Employee LTIP Option Offer

See Section 6 of the Prospectus for a detailed explanation of the LTIP Rules and the proposed grants to be made to senior members of management and Non-Executive Directors. Refer to Section 9.11 of the Prospectus for an overview of the potential Australian taxation implications of participating in the Employee LTIP Option Offer.

7.10 ACKNOWLEDGEMENTS

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement Prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person or persons, is/are 18 years of age or over;
- acknowledged that once the Company, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement Prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the US and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and other applicable state securities laws;
- it is not in the US or acting for the account or benefit of a US Person;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the US; and
- it will not offer or sell the Shares in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements under the Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.11 UNDERWRITING AGREEMENT

The Offer is fully underwritten pursuant to an Underwriting Agreement under which the Joint Lead Managers have been appointed to arrange and manage and act as Joint Lead Managers, joint bookrunners and joint underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer in the following proportions:

- Morgans: 50%; and
- Ord Minnett: 50%.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.6.

7.12 VOLUNTARY ESCROW ARRANGEMENTS

Upon Completion of the Offer, approximately 64.9% of the Shares on issue will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price). The Escrowed Shareholders have entered into voluntary escrow arrangements that prevent them from disposing of their Escrowed Shares during the relevant Escrow Period (subject to relevant exceptions). See Section 9.7 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant Escrow Period.

7.13 RESTRICTIONS ON DISTRIBUTIONS

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the US and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the US and may not be offered or sold in the US except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act laws and any other applicable securities laws.

7.14 DISCRETION REGARDING OFFER

The Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Joint Lead Managers and the Company also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7.15 ASX LISTING, REGISTERS AND HOLDING STATEMENTS AND DEFERRED SETTLEMENT

(a) Application for ASX listing and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code 'BBT'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, the Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

(b) CHES and issuer-sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (**CHES**) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHES subregister or an issuer-sponsored subregister. For all successful Applicants, the Shares of a Shareholder who is a participant in CHES or a Shareholder sponsored by a participant in CHES will be registered on the CHES subregister. All other Shares will be registered on the issuer-sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHES holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer-sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHES subregister or through the Share Registry in the case of a holding on the issuer-sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer-sponsored statements.

7.16 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

(a) Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution, which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of the ASX.

(b) Gaming and licensing matters

The Group operates in a highly regulated environment and is required to hold licences in the jurisdictions in which it operates. BlueBet Pty Ltd must advise the Northern Territory Racing Commission of any transfer of its shares, or shares in any associated corporation, or any share restructure that results in any person having an interest of 10% or more (direct or indirect) in BlueBet Pty Ltd.

Rule 16 of the Constitution allows the Company to sell a member's Shares, where that Shareholding may result in a regulatory licence being revoked, suspended, refused or made subject to adverse conditions. Rule 16 also sets out the circumstances in which the Company can invoke this right and the process the Company must follow when selling Shares, including the calculation of price. Rule 17 of the Constitution provides that the appointment of a Director (or relevant officer) shall immediately terminate if the Company receives notice from any gaming authority that the person is required to resign from office, is not a fit and/or proper person to hold the relevant office, or the person would or may jeopardise any licence, registration or qualification granted or issued by that gaming authority.

(c) Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

(d) Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid Share held (with adjusted voting rights for partially paid shares). The Chair does not have a casting vote.

(e) Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

(f) Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any Shares or class of Shares, a member may transfer all or any of the member's Shares by:

- a Proper ASX Settlement and Transfer Corporation (**ASTC**) transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer or apply a holding lock, the Company must give the party lodging the transfer written notice of the refusal or holding lock and the reason for refusal or holding lock.

(g) Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue Shares or grant options over unissued Shares to any person, and they may do so at such times and on the conditions they think fit. The Shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up, or otherwise as the Directors see fit.

(h) Preference shares

The Company may issue preference shares, including preference shares that are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

(i) Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the Shares held by them (irrespective of the amounts paid or credited as paid on the Shares), less any amounts which remain unpaid on these Shares at the time of distribution.

(j) Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

(k) Share buy-backs

The Company may buy back Shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

(l) Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three-quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

(m) Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

(n) Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of Shareholders in a general meeting.

(o) Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of Shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

(p) Directors – appointment and removal

Under the Constitution, the minimum number of Directors is three and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the Managing Director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the Managing Director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

(q) Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

(r) Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

(s) Directors' and officers' indemnity

The Company, to the extent permitted by law, may indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a Related Body Corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a Related Body Corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

BlueBet

**8. INDEPENDENT LIMITED
ASSURANCE REPORT**





Ernst & Young Strategy and Transactions
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8 June 2021

The Board of Directors
BlueBet Holdings Ltd
PO Box 141
Randwick, NSW, 2031

The Board of Directors
BlueBet Pty Limited
PO Box 141
Randwick, NSW, 2031

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION, STATUTORY FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by BlueBet Pty Limited (“BlueBet”) and BlueBet Holdings Ltd (the “Company”) to report on the statutory historical financial information of BlueBet and the pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of the Company for inclusion in the prospectus to be dated 8 June 2021 (“Prospectus”), and to be issued by the Company, in respect of an initial public offering of fully paid ordinary shares in the Company (the “Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Strategy and Transactions Limited (“Ernst & Young Strategy and Transactions”) holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Jo Barker is a Director and Representative of Ernst & Young Strategy and Transactions. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following statutory historical financial information of BlueBet:

- ▶ the statutory historical statements of profit and loss for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.6 of Section 4.3.4 of the Prospectus;
- ▶ the statutory historical statement of financial position as at 31 December 2020 as set out in table 4.11 of Section 4.6 of the Prospectus; and
- ▶ the statutory historical cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.9 of Section 4.5.2 of the Prospectus.



(Hereafter the “Statutory Historical Financial Information”).

The Statutory Historical Financial Information for the financial years ended 30 June 2019 and 30 June 2020 have been derived from the general purpose financial statements of BlueBet for the respective years, which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions on these financial statements.

The Statutory Historical Financial Information for the half years ended 31 December 2019 and 31 December 2020 have been derived from the interim financial statements of BlueBet for the half year ended 31 December 2020 (which included comparative financial information for the half year ended 31 December 2019). The interim financial statements of BlueBet for the half year ended 31 December 2020 were reviewed by Ernst & Young on which an unqualified limited assurance conclusion was issued.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the Australian Accounting Standards (“AAS”) issued by the Australian Accounting Standards Board (“AASB”), which are consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

Pro Forma Historical Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following pro forma historical financial information of the Company:

- ▶ the pro forma historical statements of profit and loss for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.2 of 4.3.1 and table 4.3 of Section 4.3.2 of the Prospectus;
- ▶ the pro forma historical statement of financial position as at 31 December 2020 as set out in table 4.11 of Section 4.6 of the Prospectus; and
- ▶ the pro forma historical cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.8 of Section 4.5.1 of the Prospectus.

(Hereafter the “Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of BlueBet, and adjusted for the effects of pro forma adjustments described in tables 4.4 and 4.5 of Section 4.3.3, table 4.10 of Section 4.5.3 and 4.11 of Section 4.6 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the recognition of certain items in periods different from the applicable period under AAS; (ii) the exclusion of certain transactions that occurred in the relevant periods; and (iii) the impact of certain transactions as if they occurred on or before 1 July 2018.



Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and cash flows.

Statutory Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following statutory forecast financial information of the Company:

- ▶ the statutory forecast statements of profit and loss for the financial year ending 30 June 2021 and the half year ending 31 December 2021 as set out in table 4.2 of Section 4.3.1 and table 4.3 of Section 4.3.2 of the Prospectus; and
- ▶ the statutory forecast cash flows for the financial year ending 30 June 2021 and the half year ending 31 December 2021 as set out in table 4.8 of Section 4.5.1 of the Prospectus.

(Hereafter the "Statutory Forecast Financial Information").

The Directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Sections 4.8.1 and 4.8.2 of the Prospectus.

The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is in accordance with the recognition and measurement principles of the AAS issued by the AASB, which are consistent with IFRS issued by the IASB.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Strategy and Transactions to review the following pro forma forecast financial information of the Company:

- ▶ the pro forma forecast statements of profit and loss for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021 as set out in table 4.2 of Section 4.3.1 and table 4.3 of Section 4.3.2 of the Prospectus; and
- ▶ the pro forma forecast cash flows for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021 as set out in table 4.8 of Section 4.5.1 of the Prospectus.

(Hereafter the "Pro Forma Forecast Financial Information").

(the Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is collectively referred to as the "Financial Information").

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in tables 4.4 and 4.5 of Section 4.3.3 and table 4.10 of Section 4.5.3 of the Prospectus.

The Pro Forma Forecast Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect (i) the



recognition of certain items in periods different from the applicable period under AAS; (ii) the exclusion of certain transactions that are forecast to occur in the relevant periods; and (iii) the impact of certain transactions as if they occurred on or after 1 July 2020.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual or prospective financial performance and cash flows for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

Statutory Historical and Pro Forma Historical Financial Information

The directors of BlueBet and the Company (the "Directors") are responsible for the preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Statutory Forecast Financial Information for the financial year ending 30 June 2021 and the half year ending 31 December 2021, including the basis of preparation, the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021, including the basis of preparation, selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Statutory Forecast Financial Information and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Statutory Historical Financial Information and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.



Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of BlueBet comprising:

- ▶ the statutory historical statements of profit and loss for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.6 of Section 4.3.4 of the Prospectus;
- ▶ the statutory historical statement of financial position as at 31 December 2020 as set out in table 4.11 of Section 4.6 of the Prospectus; and
- ▶ the statutory historical cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.9 of Section 4.5.2 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company comprising:

- ▶ the pro forma historical statements of profit and loss for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.2 of 4.3.1 and table 4.3 of Section 4.3.2 of the Prospectus;
- ▶ the pro forma historical statement of financial position as at 31 December 2020 as set out in table 4.11 of Section 4.6 of the Prospectus; and

- ▶ the pro forma historical cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half years ended 31 December 2019 and 31 December 2020 as set out in table 4.8 of Section 4.5.1 of the Prospectus,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus.

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of the Company for the financial year ending 30 June 2021 and the half year ending 31 December 2021 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
 - is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 4.8.1 and 4.8.2 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of the Company for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
 - is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 4.8.1 and 4.8.2 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and cashflows of the Company for the financial year ending 30 June 2021, the half year ending 31 December 2021 and the calendar year ending 31 December 2021.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of BlueBet and the Company. Evidence may be available to support the Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 4.10 and 5 of the Prospectus. The sensitivity analysis described in Section 4.10 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of BlueBet and the Company, that all material information concerning the prospects and proposed operations of BlueBet and the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Strategy and Transactions has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Strategy and Transactions does not have any interests in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.



Yours faithfully

A handwritten signature in black ink, appearing to read 'Jo Barker', is written over a light grey horizontal line.

Jo Barker
Director and Representative
Ernst & Young Strategy and Transactions Limited

8 June 2021

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT
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PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Strategy and Transactions

Ernst & Young Strategy and Transactions Limited (“Ernst & Young Strategy and Transactions” or “we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report (“Report”) in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.



5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$38,500 (inclusive of GST).

Ernst & Young Strategy and Transactions is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to in Section 6.3(a) of the Prospectus, Ernst & Young Strategy and Transactions, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Strategy and Transactions and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Strategy and Transactions, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

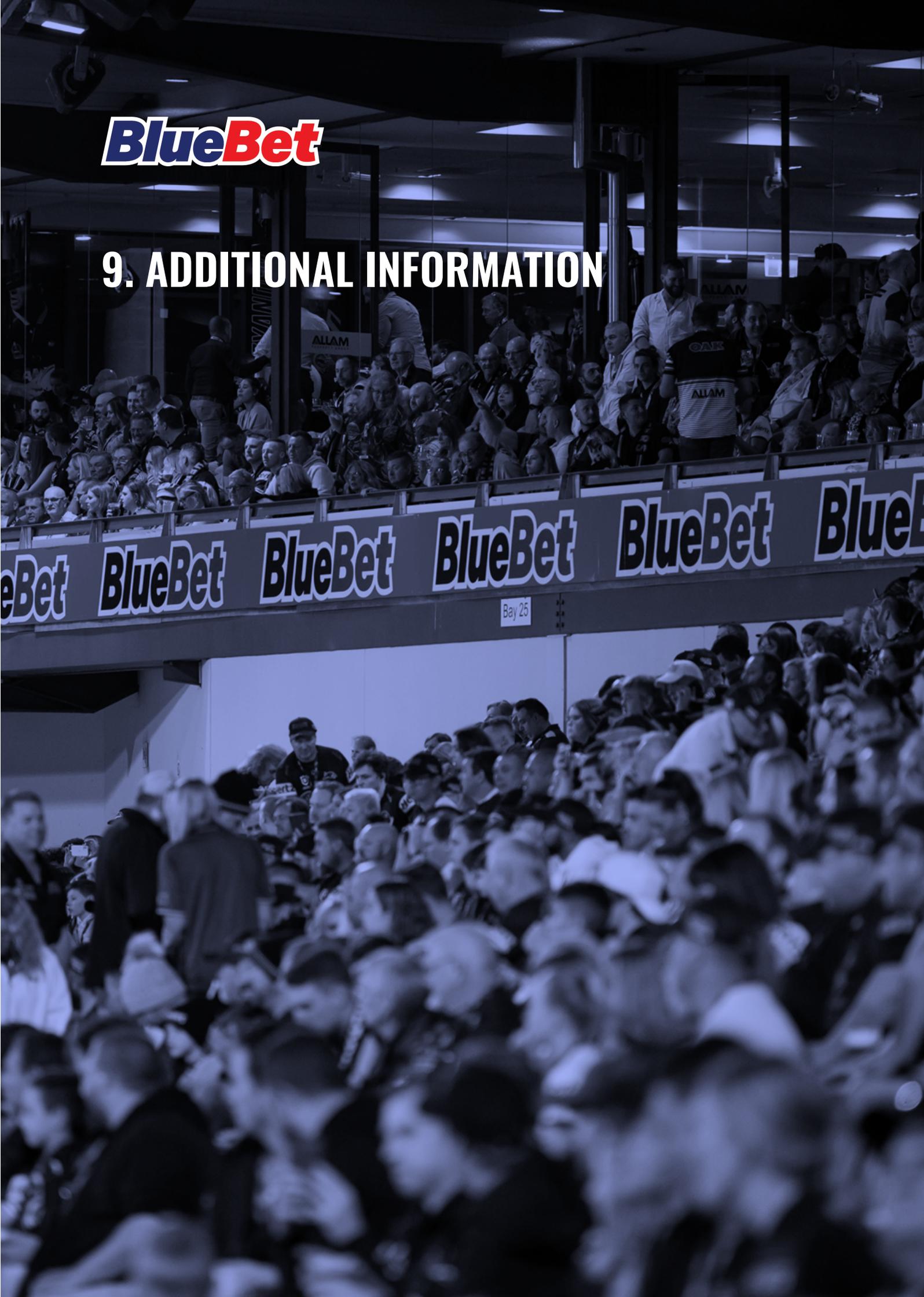
9. Compensation Arrangements

Ernst & Young and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Ernst & Young's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Ernst & Young satisfy the requirements of section 912B of the Corporations Act 2001.



<p>Contacting Ernst & Young Strategy and Transactions Limited</p> <p>AFS Compliance Manager</p> <p>Ernst & Young</p> <p>200 George Street</p> <p>Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Australian Financial Complaints Authority Limited</p> <p>GPO Box 3</p> <p>Melbourne, VIC 3001</p> <p>Telephone: 1800 931 678</p>
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This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.

A large crowd of people is gathered at a sports event, likely a horse race. The crowd is dense and fills the upper and lower portions of the frame. In the foreground, a prominent banner displays the 'BlueBet' logo repeatedly. The scene is captured in a dark, blue-tinted monochrome style. In the background, some individuals are wearing shirts with 'ALLAM' and 'OAK' logos. A sign for 'Bay 25' is visible on the structure below the main crowd.

BlueBet

9. ADDITIONAL INFORMATION

9. ADDITIONAL INFORMATION

9.1 REGISTRATION

BlueBet Holdings Ltd (ACN 647 124 641) was registered as a public company in New South Wales on 14 January 2021.

9.2 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company will be subject to tax at the Australian base rate entity company tax rate.

The Company's financial year for taxation purposes ends on 30 June.

9.3 RESTRUCTURE

The steps for the Restructure are as follows:

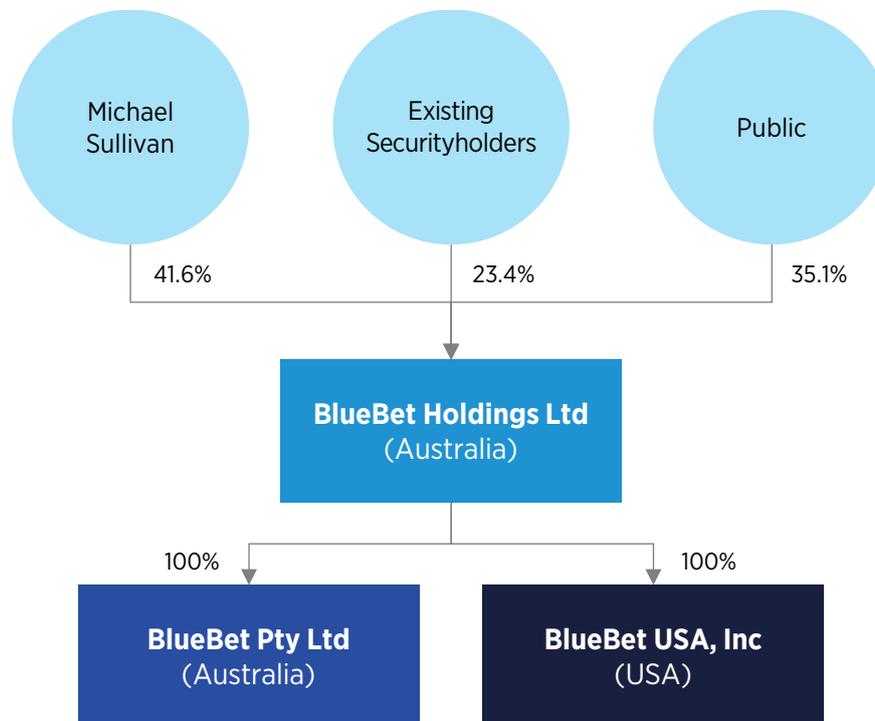
- Prior to the Prospectus Date, the Company (a non-operating holding company) was incorporated.
- On or around the Prospectus Date, the Company, BlueBet Pty Ltd and the Existing Securityholders entered into an Implementation Deed under which the Existing Securityholders made an irrevocable offer to sell all of their Shares in BlueBet Pty Ltd (**Existing Shares**) and Legacy Options (as applicable) to the Company in consideration for a combination of cash and scrip in the Company (with the cash portion reflecting the level of sell-down of Existing Securityholders set out in this Prospectus). The Implementation Deed is conditional upon successful Settlement of the IPO.
- Immediately following Settlement of the Offer but prior to the issue of Shares under the Offer:
 - the Company will acquire all of the Existing Shares and Legacy Options from Existing Securityholders in accordance with the Implementation Deed.
 - In exchange for his Existing Shares, Michael Sullivan will receive a combination of cash and Shares (on a 1:1,000,000 basis) in the Company.
 - In exchange for their Legacy Options, other Existing Securityholders will receive a combination of cash and options over Shares (on a 1:1,000,000 basis) in the Company (**Restructure Options**). The Restructure Options will be issued with nominal exercise price.
 - Existing Securityholders will then immediately exercise their Restructure Options and will be issued with Shares (on a 1:1 basis) in the Company.

If the acquisition by the Company of BlueBet Pty Ltd as part of Restructure does not complete for any reason, all proceeds of the Offer received from the public will be promptly returned to those who have successfully subscribed for Shares under the IPO.

9.4 CORPORATE STRUCTURE

The following diagram shows the entities in the corporate structure of the Group immediately following Completion of the Offer and the Restructure.

Figure 9.1: Corporate structure following Completion of the Offer and the Restructure



9.5 MATERIAL CONTRACTS

(a) Agreements with customers

BlueBet contracts with each of its customers under standard terms and conditions. The standard terms and conditions cover items such as client identification requirements, deposits and withdrawals, the placement and acceptance of bets, the voiding of bets, terms and conditions for the payouts in relation to bets placed on individual sports and other standard terms.

Material Product Fee Integrity Agreements (PFIAs)

A PFIA is an agreement with, or an approval or authority granted by, an Australian Sports Controlling Body.

In the absence of a PFIA with Sporting Controlling Bodies, BlueBet Pty Ltd cannot lawfully take bets on events conducted under the control of the relevant Australian Sports Controlling Body. Hence, PFIAs are key to BlueBet Pty Ltd's ability to supply betting services in relation to Australian sports and racing events. Below is a summary of each material PFIA currently in place. Following the grant of the NT Licence, BlueBet will enter into new PFIAs, which BlueBet expect to be on largely similar terms.

Under each PFIA, BlueBet Pty Ltd is required to pay a fee in exchange for the right to use information pertaining to events conducted under the control of the relevant Australian Sports Controlling Body. Fees payable are calculated on the basis of the benefit (e.g. revenue), which BlueBet Pty Ltd derives from accepting bets on the relevant events.

For more information on PFIAs, including obligations imposed on BlueBet Pty Ltd under PFIAs, please refer to Section 3.6.

BODY	AGREEMENT/APPROVAL DESCRIPTION	TERM
RACING		
Racing New South Wales	Racing NSW Thoroughbred Race Field Information Use Approvals for Australian Wagering Operators Standard Conditions – 2020–2021 (Effective 1 July 2020) Approval to Use NSW Race Fields Information 2020–2021	1 July 2020 to 30 June 2021
Greyhound Racing New South Wales	Greyhound Racing NSW Race Field Information Use Approvals for Australian Wagering Operators Standard Conditions (Effective 1 July 2020) Greyhound Racing NSW – Race Fields Publication Approval	1 July 2020 to 30 June 2021
Racing Victoria	Publication and Use of Victorian Thoroughbred Race Fields: Standard Conditions of Approval – Effective from 1 July 2020 Approval to publish and use Victorian Thoroughbred Race Fields under the <i>Gambling Regulation Act 2003 (Vic)</i> Extension of Approval to Publish and Use Victorian Thoroughbred Race Fields	1 July 2020 to 30 June 2021
Greyhound Racing Victoria	Conditions on Publication and Use of GRV Race Fields – Applicable from 1 January 2021	1 January 2021 to 31 October 2021
Racing Queensland	General Conditions for the use of Queensland Race Information effective from 1 July 2019 Race Information Authority	1 July 2019 to 30 June 2021
Thoroughbred Racing South Australia (TRSA)	South Australian Integrity and Contribution Agreement	1 July 2020 to 30 June 2021
Harness Racing South Australia (HRSA)	South Australian Integrity and Contribution Agreement	1 July 2020 to 30 June 2022
Greyhound Racing South Australia	South Australian Greyhound Racing Integrity and Contribution Agreement	1 July 2020 to 30 June 2023
Tasracing	Tasmanian Race Field Information Publication – Standard Conditions of Approval – Commencing 1 October 2019 Approval to Publish Tasmanian Race Field Information under section 54B of the <i>Racing Regulation Act 2004 (Tas)</i> : Approval Schedule	1 October 2019 to effective date of Cancellation
SPORTS		
National Rugby League	Integrity & Product Fee Agreement 2020	1 March 2020 to 31 December 2021

(b) Agreements with key service providers**BETGENIUS ANZ PTY LTD**

Parties	BlueBet Pty Ltd and Betgenius ANZ Pty Ltd (formerly known as Total Betting Solutions Pty Ltd) (Betgenius ANZ).
Description	Under this agreement, Betgenius ANZ provides maintenance and support to BlueBet in conjunction with the licence of the betting code used by BlueBet. Betgenius grants BlueBet a perpetual, irrevocable, non-exclusive, non-transferrable, non-assignable, royalty-free licence to the generic source code for BlueBet's wagering platform.
Term and termination	The agreement commenced on 1 July 2019 and had an initial expiry date of 31 July 2019; however, it will remain on foot until terminated as subsequently agreed between the parties.
Exclusivity/non-compete	There are no exclusivity provisions.

BETGENIUS LIMITED

Parties	BlueBet Pty Ltd and Betgenius Limited (Betgenius).
Description	Under this agreement Betgenius provides an event-creation and event-pricing service and an event-resulting service for BlueBet.
Term and termination	The agreement commenced on 21 September 2016 with an initial term of 24 months and automatically renews for successive 24-month periods.
Exclusivity/non-compete	BlueBet is prevented from beginning or continuing any program of development of a similar application or tool to the Betgenius Console or a similar service to any of the services without the prior written consent of Betgenius. BlueBet warrants to Betgenius that at no time during the term of the agreement will it integrate into any of its systems or software or otherwise use or allow direct/indirect access to any software that has been written by or on behalf of Amelco Limited or any of its Group Companies.

9.6 UNDERWRITING AGREEMENT

The Offer is fully underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated on or about the Prospectus Date between the Joint Lead Managers and the Company (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

(a) Fees and expenses

The Company has agreed to pay the Joint Lead Managers a total of \$3.6 million in fees, in their respective proportions, for managing and underwriting the Offer.

In addition to the fees described above, the Company has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

The Joint Lead Managers are responsible for any fees, commissions or rebates due to any co-lead managers, co-managers or Brokers appointed by the Joint Lead Managers.

(b) Termination events not subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 5.00 pm on the Settlement Date, terminate the Underwriting Agreement without cost or liability by notice to the Company and the other Joint Lead Manager if any of the following events occur:

- In the reasonable opinion of the terminating Joint Lead Manager, a statement contained in the Prospectus is or becomes misleading or deceptive (including by omission) or a matter required to be included is omitted from the Prospectus;
- The Company is, in the reasonable opinion of the Joint Lead Managers, required to lodge a supplementary Prospectus with ASIC or the Company lodges a supplementary Prospectus in a form and substance that has not been approved by the Joint Lead Managers;
- The S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the trading day on the last business day the Underwriting Agreement and closes at or below that level for two consecutive business days;
- An Escrow Deed is withdrawn, varied, terminated, rescinded, altered or amended or breached;
- The Implementation Deed executed by the Existing Securityholders is not capable of completing in the reasonable opinion of the terminating Joint Lead Manager, becomes void or voidable, or has been amended (without the Joint Lead Managers' consent) or is breached, or is otherwise terminated or rescinded by any of the parties to that document;
- There ceases to be reasonable grounds for any statement or estimate in an offer document, including the Prospectus, relating to a future matter, or that statement or estimate is unlikely to be met in the projected time, in the reasonable opinion of the terminating Joint Lead Manager;
- The Company or BlueBet, or any of their respective Directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Offer;
- The Company's application for admission to the Official List of the ASX or the quotation of all the Shares is refused or not granted, or is subject to conditions other than customary conditions or conditions that are acceptable to the Joint Lead Managers (acting reasonably);
- If any of the following notifications are made in respect of the Offer (unless withdrawn within two business days or by the Settlement Date): ASIC issues an order under section 739 of the Corporations Act;
- An application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer, or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer;
- ASIC issues an order (including an interim order) under section 739 of the Corporations Act and is not withdrawn within a certain timeframe, or holds a hearing under section 739(2) of the Corporations Act in relation to the Offer;
- Any person (other than the Joint Lead Managers) who has previously consented to the inclusion of his or her name in this Prospectus, withdraws that consent;
- ASIC gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- The Company or BlueBet does not provide a closing certificate as and when required under the Underwriting Agreement;
- The Company fails to lodge the Prospectus by the agreed lodgement date;
- The Company withdraws the Prospectus or indicates that it does not intend to proceed with the Offer or any part of it;
- A member of the Group becomes insolvent or there is an act or omission that is likely to result in a Group member becoming insolvent;
- The Company is prevented from allotting and issuing the Shares under the Offer;

- The Company alters the issued capital of the Company or member of the Group, or the Company or BlueBet disposes or attempts to dispose of a substantial part (directly or indirectly) of the business or property of the group (without the prior consent of the Joint Lead Managers);
- If a regulatory body or government agency withdraws, revokes or amends any regulatory approvals required for the Company or BlueBet to perform their obligations under the Underwriting Agreement or carry out the Offer;
- A change in the Chief Executive Officer, Executive Chairman, Chief Financial Officer occurs, or the engagement or services of the director of BlueBet USA are terminated;
- If any of the obligations of the relevant parties under any of the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of the Material Contracts:
 - Is terminated, withdrawn, rescinded, avoided or repudiated;
 - Ceases to have effect, otherwise than in accordance with its terms; or
 - Is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal,

except where a change to a Product Fee Integrity Agreement is required as a result of the NT Licence becoming operational;

- There is a force majeure event;
- Any licence, permit, Authorisation or consent held by a member of the Group that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Joint Lead Managers), except where a change to a Product Fee Integrity Agreement) is required as a result of the Australian Sports Bookmaker Licence becoming operational; and
- A Director or proposed Director of the Company is charged with an indictable offence or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act, or any governmental agency commences any court proceedings against the Company or any of its Directors in their capacity as a Director of the Company, or announces that it intends to take such action.

(c) Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 5.00 pm on the Settlement Date (without any cost or liability by notice to the Company and the other Joint Lead Manager), terminate the Underwriting Agreement without any cost or liability, by notice to the Company and the other Joint Lead Manager if any of the below events occur and the Joint Lead Manager has reasonable grounds to believe the event:

- (i) Has or is likely to have a materially adverse effect on the success, Settlement or marketing of the Offer, or on the ability of the Joint Lead Manager to market, promote or settle the Offer; or
- (ii) Will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliate being involved in a contravention of, any applicable law or regulation (including the Corporations Act).

The events referred to above include:

- A new circumstance arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- A change in the Board of Directors of the Company occurs;
- A statement in any offer document (other than the Prospectus) and certain public information becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an offer document;
- The due diligence report, any verification material or any other information provided by or on behalf of the Company to the Joint Lead Managers is, or is likely to become, or becomes, misleading or deceptive;

- Any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses, earnings, prospects or condition or otherwise of the Group from those disclosed in this Prospectus;
- If there is introduced, or proposed to be introduced, into the Parliament of Australia or any state or territory of Australia, a new law, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy, other than a law or policy that was announced before the date of the Underwriting Agreement;
- If the Company or any Group member breaches its Constitution, the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act or the ASX Listing Rules;
- If any offer document or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law;
- Any Governmental Agency charges or commences any public action (other than court proceedings) against the Company or any of its directors, or announces that it intends to take action;
- If other than as disclosed in the Prospectus, the Company creates or agrees to create an encumbrance over the whole or a substantial part of its business or property;
- A representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of either or both of the Company is breached, becomes not true or correct or is not performed;
- If the Company defaults on any of its obligations under the Underwriting Agreement;
- If the Company varies any term of its Constitution without the prior written consent of the Joint Lead Managers;
- Legal proceedings against a Group member or against any director of a Group member in that capacity is commenced, or any regulatory body commences any inquiry or public action against a Group member;
- Any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of the Company to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive;
- If any of the obligations of the relevant parties under any of the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of the Material Contracts:
 - Is altered, amended or varied without the consent of the Joint Lead Managers (acting reasonably);
 - Is breached, or there is a failure by a party to comply, in a material manner;

except where a change to a Product Fee Integrity Agreement is required as a result of the NT Licence becoming operational;

- Hostilities not presently existing commence, or a major escalation in existing hostilities occurs or a major terrorist act is perpetrated in Australia, New Zealand, the United Kingdom, the United States, the People's Republic of China and any member state of the European Union, or involving any diplomatic, military or political establishment of any of those countries;
- A statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- If any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom or the United States, central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect on the financial markets in Australia, New Zealand, the United Kingdom or the United States or in the foreign exchange rates or political, financial or economic conditions in any of those countries; or (iii) trading in all securities quoted or listed on ASX, NASDAQ, New York Stock Exchange or the London Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

9.7 VOLUNTARY ESCROW ARRANGEMENTS

(a) Escrow arrangements

ASX has given in-principle advice that it will not impose the mandatory escrow provisions in the ASX Listing Rules on securities of the Company.

The following Existing Securityholders are subject to voluntary escrow arrangements:

SECURITYHOLDER	NUMBER OF ESCROWED SHARES (MILLION)	PERCENTAGE OF ESCROWED SHARES AT COMPLETION
Michael Sullivan	83.2	100%
Bill Richmond	16.2	100%
Other Existing Securityholders (being current employees of BlueBet Pty Ltd)	30.5	100%

The Escrow Period for the Escrowed Shares outlined above commences on Completion and ends 24 months after Completion.

Each Escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their Shareholding on Completion of the Offer (other than Shares acquired under the Offer), which prevents them from disposing of their respective Escrowed Shares for the applicable Escrow Period as described above.

The restriction on disposing is broadly defined in the voluntary Escrow Deeds outlined in this Section 9.7. It restricts the Escrowed Shareholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, creating or agreeing to create a security interest over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of these aforementioned things.

During the Escrow Period, Escrowed Shareholders whose Shares remain subject to escrow may dispose of any of their Escrowed Shares to the extent that the disposal is:

- as a result of a bona fide third-party offer under a takeover bid or the transfer or cancellation of the Escrowed Securities under a scheme of arrangement;
- a transfer to an affiliate (provided the affiliate agrees to be bound by the terms and conditions of the Escrow Deed, and the transfer does not result in a change to the beneficial ownership of the Escrowed Shares);
- an encumbrance of any or all Escrowed Securities to a bona fide third-party financial institution as securities for a loan, hedge or other financial accommodation;
- required by applicable law, including an order of a court of competent jurisdiction (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Shares); or
- a transfer by the personal representative of the Escrowed Shareholder to whom the Escrowed Securities have been bequeathed (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Shares).

9.8 LITIGATION AND CLAIMS

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially and adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or government prosecution of a material nature in which the Company is directly or indirectly concerned, which is likely to have a material adverse impact on the business or financial position of the Company.

9.9 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.9 contains a general description of these laws.

(a) Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20% or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company, either themselves or through an associate.

(b) Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in BlueBet or foreign persons hold an Aggregate Substantial Interest in BlueBet, BlueBet will be a 'foreign person' for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity, or the investor is in a position to influence or participate in the management and control or policy of the entity. There are exemptions that can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the federal treasurer and the federal treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the federal treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the federal treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without a no-objection notification or contravening a condition in a no-objection notification.

9.10 ASIC EXEMPTIONS AND ASX WAIVERS AND CONFIRMATIONS

The Company has applied to ASIC for an exemption to ensure that the on-sale restrictions in Section 707(3) of the Corporations Act do not apply to Shares that are to be issued at some future point in time after Completion, upon the exercise of Options granted to Participants under the LTIP on or around Completion as detailed in Section 6.5. ASX has, prior to the Prospectus Date, provided in-principle advice of its intention to grant the following confirmations in relation to the Company and the Offer:

- confirmation that the Company may seek admission to the Official List of ASX under the assets test in ASX Listing Rule 1.3;
- confirmation that the mandatory escrow provisions in Chapter 9 of ASX Listing Rules will not apply to the Company, having regard to the fact that the Company has an acceptable track record of revenue;
- confirmation that the form of the proposed Constitution of the Company is acceptable to ASX pursuant to condition 2 of ASX Listing Rule 1.1;
- confirmation that the Company will not be required to lodge management accounts with ASX from ListCo's date of incorporation to a date two months before the date of lodgement of the ASX Listing application under Listing Rule 1.3.5(a);
- confirmation that the Company using a portion of its cash to implement the Restructure will be considered a commitment for the purposes of Listing Rule 1.3.2; and
- confirmation that the timetable the Company is likely to adopt in connection with the IPO is acceptable to ASX for the purposes of Listing Rule 7.40.

9.11 TAXATION CONSIDERATIONS

The following tax comments are based on the tax law in Australia in force as at the Prospectus Date. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each Shareholder or relied upon as tax advice. During the period of ownership of the Shares by Shareholders, the taxation laws of Australia, or their interpretation, may change. The precise implications of ownership or disposal will depend upon each Shareholder's specific circumstances. Shareholders should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate Shareholders. These comments do not apply to non-resident Shareholders, Shareholders that hold Shares on revenue account or as trading stock, Shareholders who are exempt from Australian income tax or Shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

9.11.1 Dividends paid on Shares

Dividends may be paid to Shareholders by the Company where the relevant legal requirements have been satisfied. The Company may 'attach' franking credits to such dividends where specific requirements are satisfied. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax at the corporate level. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of dividend for Australian tax purposes is broad and can include payments that are made in respect of certain transactions such as off-market share buy-backs.

As outlined below, dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder.

9.11.1.1 Australian resident individuals and complying superannuation entities

Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend (subject to satisfying the 'qualified person' rules outlined at Section 9.11.1.4).

Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, the Shareholder should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, the Shareholder should include the dividend in their assessable income (with no tax offset).

9.11.1.2 Australian resident corporate tax entities

Shareholders who are companies are also required to include both the dividend and the associated franking credit in their assessable income (subject to satisfying the qualified person rules outlined at Section 9.11.1.4). Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, the excess will not give rise to a refund entitlement for a company but can be converted into a carry forward tax loss.

The Company should be entitled to a credit in its own franking account to the extent of the franking credits attached to the distribution received. This will allow the Company to pass on the franking credits to its own Shareholder(s) on the subsequent payment of franked dividends.

9.11.1.3 Australian resident trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and any attached franking credit in determining the net income of the trust or partnership (subject to satisfying the 'qualified person' rules outlined at Section 9.11.1.4). The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

As the qualified person rules outlined at Section 9.11.1.4 are particularly complex in the context of dividends received indirectly via a trust or partnership, it is recommended that Shareholders seek their own professional advice on the tax consequences arising in these circumstances.

9.11.1.4 Shares held ‘at risk’

The benefit of franking credits can be denied where a Shareholder is not a ‘qualified person’, in which case the Shareholder will not need to include the amount of the franking credits in their assessable income and should not be entitled to a tax offset.

Broadly, to be a qualified person, a Shareholder must satisfy the ‘holding period rule’ and the ‘related payment rule’.

Under the holding period rule, a Shareholder is required to hold Shares ‘at risk’ for at least 45 days continuously (excluding the day of acquisition or disposal) over a specified period. This period is measured as that commencing the day after the Shares were acquired and ending on the forty-fifth day after the Shares become ex-dividend. Very broadly, Shares are held at risk to the extent that no material ‘positions’ are adopted in relation to the Shares, which have the effect of diminishing the economic exposure associated with holding the Shares (e.g. certain derivatives or agreements to sell the Shares). Days on which a Shareholder has 30% or less of the ordinary financial risks of loss and opportunities for gain from owning the Shares cannot be counted in determining whether one holds the Shares for the required period. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules also apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the Shareholder or an associate has made, or is under an obligation to make, a ‘related payment’ in relation to the dividend. Very broadly, a Shareholder or an associate would be considered to have made a related payment if the taxpayer has done, or is under an obligation to do, anything that has the effect of passing the benefit of a dividend or distribution to other persons. The related payment rule requires the Shareholder to hold the Shares at risk for the continuous 45-day period as above but within the period commencing on the forty-fifth day before, and ending on the forty-fifth day after, the day the Shares become ex-dividend.

Shareholders should seek their own professional advice to determine if they are a qualified person in relation to dividends paid by the Company on a Share.

9.11.2 Disposal of Shares

Most Australian resident Shareholders will be subject to Australian capital gains tax (CGT) on the disposal of their Shares. Some Shareholders may hold their Shares on revenue account or as trading stock, or be subject to the Taxation of Financial Arrangements regime. These Shareholders should seek their own professional advice in respect of the consequences of a disposal of Shares.

A Shareholder will derive a capital gain on the disposal of Shares where the capital proceeds received on disposal exceed the CGT cost base of those Shares. The CGT cost base of the Shares is broadly the amount paid to acquire the Shares plus, among other things, any incidental costs incurred in respect of acquisition or disposal of the Shares.

A CGT discount may be available on the capital gain for Shareholders who are individuals, trustees and complying superannuation entities, provided the particular Shares are held for at least 12 months prior to sale. Any current year or carried forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50%, and for complying superannuation entities is 33⅓%. In relation to trusts, the CGT discount rules are complex but the discount may flow through to presently entitled beneficiaries of the trust.

A Shareholder will incur a capital loss on the disposal of Shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares.

If a Shareholder has a net capital gain for a year, this amount is included in the Shareholder’s assessable income. If a Shareholder has a net capital loss for a year, this amount can be carried forward and applied to reduce capital gains derived in subsequent years, subject in some cases to the Shareholder satisfying certain rules relating to the recoupment of carried forward losses.

9.11.3 Tax file numbers

A Shareholder is not required to quote their tax file number (TFN) to the Company. However, if TFN (or certain exemption details) are not provided, Australian tax may be required to be deducted by the Company from dividends at the maximum marginal tax rate plus the Medicare levy.

A Shareholder who holds Shares as part of an enterprise may quote its Australian Business Number (ABN) instead of its TFN.

9.11.4 Stamp duty

No stamp duty should be payable by Shareholders on the acquisition of Shares.

9.11.5 Australian goods and services tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident Shareholder (who is registered for GST) should be an input-taxed financial supply and therefore not subject to GST. However, an Australian resident Shareholder (who is registered for GST) may not be entitled to claim full input tax credits in respect of GST on expenses incurred relating to these transactions (e.g. brokerage or professional advisory fees).

No GST should be payable on the receipt of dividends on the basis that dividends are not considered to be a taxable supply.

9.12 SELLING RESTRICTIONS

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the 'FMC Act'). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a Prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an ‘institutional investor’ (as defined in the SFA) or (ii) an ‘accredited investor’ (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no Prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a Prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to ‘qualified investors’ within the meaning of Article 2 of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated, and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together ‘relevant persons’). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

9.13 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties listed below in this Section 9.13 is each a consenting party, and to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to being named in the form and context in which it is named and to the inclusion of statements or reports in this Prospectus that are specified below in the form and context in which the statements or reports appear:

- Each of Morgans and Ord Minnett has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named;
- Gilbert + Tobin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company in relation to the Offer in the form and context in which it is named;
- Ernst & Young Strategy and Transactions Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investigating Accountant in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report on the Financial Information set out in Section 8 in this Prospectus;

- Ernst & Young (EY) has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor of the financial statements of BlueBet Pty Ltd and the provider of financial and tax due diligence services and the tax adviser to the Company in relation to the Offer in the form and context in which it is so named;
- Frost & Sullivan has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as independent industry expert in the form and context in which it is so named; and
- Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Boardroom Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Boardroom Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

9.14 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

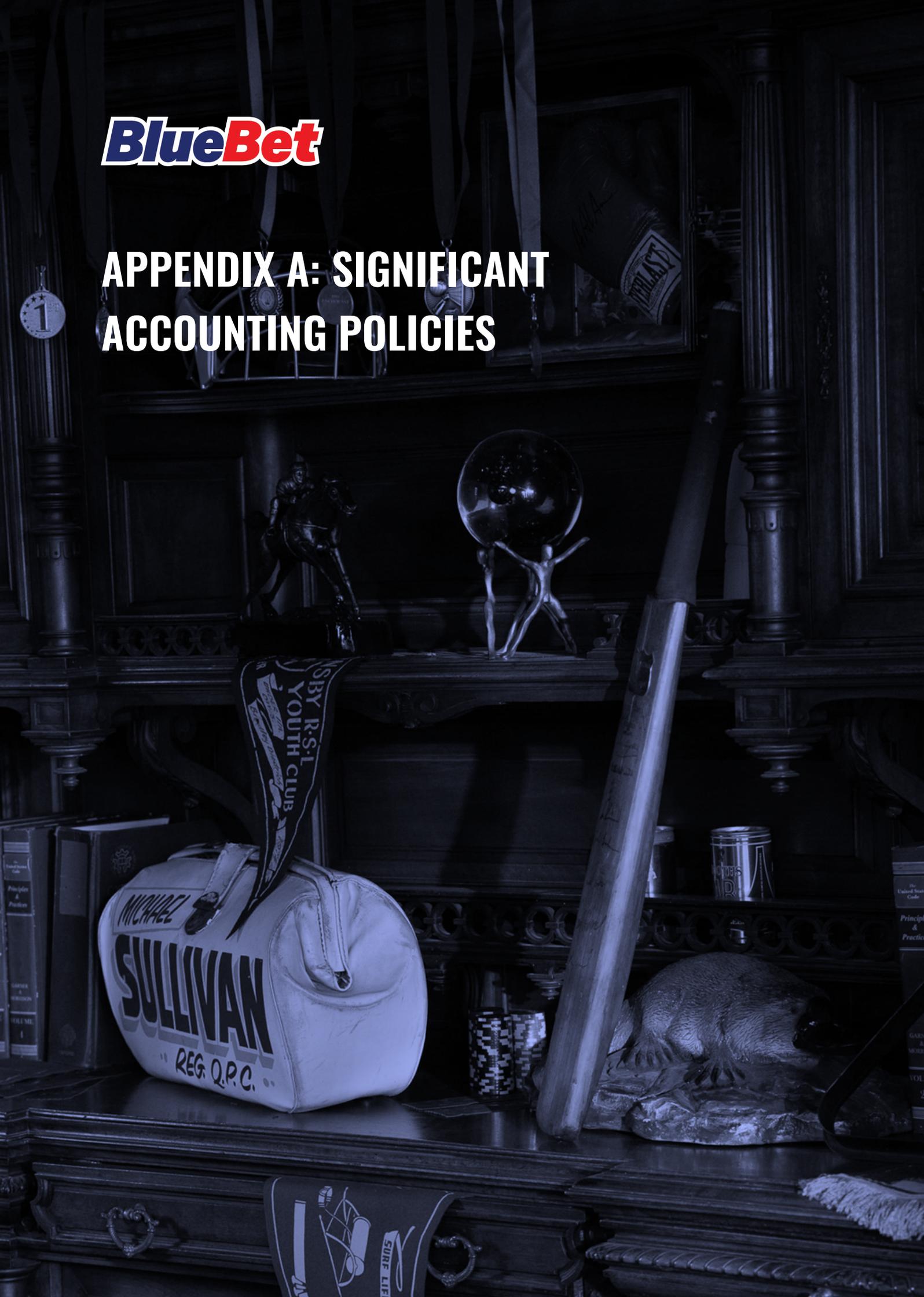
9.15 STATEMENT OF DIRECTORS

This Prospectus is authorised by each Director of the Company who consents to its lodgement with ASIC and its issue.



APPENDIX A: SIGNIFICANT ACCOUNTING POLICIES

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APPENDIX A: SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on a going concern basis and under the historical cost basis except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value through profit and loss (FVTPL).

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Information requires BlueBet to make judgements, estimates and assumptions that affect the reported amounts in the Financial Information. BlueBet continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. BlueBet bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which 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.

Estimation of useful lives of assets

BlueBet determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete, or non-strategic assets that have been abandoned or sold, or will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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 sole Director. The sole Director is responsible for the allocation of resources to operating segments and assessing their performance.

REVENUE RECOGNITION

The Company recognises revenue as follows:

Wagering revenue

Wagering revenue is recognised as the residual value after deducting the return to customers from betting Turnover. Fixed-odds betting revenue is classified as revenue and recognised as the Net Win or loss on an event. Amounts received from clients are presented as a financial liability (client deposits on hand). When a bet is placed on an event, the amount is reclassified to another category of financial liability (trade and other payables – pending bets). When the outcome of the event is determined, the revenue is brought to account. Open fixed-odds betting positions are carried at fair value, and gains and losses arising on these positions are recognised in revenue. Variable odds betting revenue is recognised when the uncertainty associated with the variable consideration is subsequently resolved, which is when the event is complete.

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.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate in Australia adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income 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
- 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 use those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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 current tax assets against current tax liabilities, and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities that intend to settle simultaneously.

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 Company'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.

A liability is classified as current when: it is either expected to be settled in the Company'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.

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.

FINANCIAL ASSETS, INCLUDING TRADE AND OTHER RECEIVABLES

A financial asset is measured at amortised cost if it is held within a business model where the objective is to hold assets in order to collect contractual cash flows that arise on specified dates and are solely principal and interest. All other financial assets are classified and measured at fair value through profit or loss unless BlueBet makes an irrevocable election on initial recognition to present gains and losses on equity instruments (which are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. Impairment requirements use an expected credit loss (**ECL**) model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is applied.

Trade and other receivables are recognised at amortised cost, less any allowance for ECL.

PROPERTY, PLANT AND EQUIPMENT

Property, 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:

Plant and equipment	4 to 10 years
Motor vehicles	8 years

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

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

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 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 Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company 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.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed at least annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website (research and development)

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of three to five years.

Patents, licences and trademarks

Costs associated with licences, patents and trademarks are treated as indefinite life intangible assets. They are tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 its 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.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and 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.

BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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 Company's incremental borrowing rate. Lease payments comprise 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. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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.

For classification within the cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

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 is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled Share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of Shares, or options over Shares, which are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on Grant Date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model, which 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 Company 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 is 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 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 Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company 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.

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.

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of BlueBet 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 Shares assumed to have been issued for no consideration in relation to dilutive potential ordinary Shares.

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 that are recoverable from, or payable to the tax authority, are presented as operating cash flows.

BlueBet

SCHEDULE 1: GLOSSARY



BlueBet ST

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SCHEDULE 1: GLOSSARY

TERM	MEANING
1H FY	Half-year ended or ending 31 December
1H FY19	Half-year ended 31 December 2019
1H FY20	Half-year ended 31 December 2020
1H FY21	Half-year ending 31 December 2021
1H FY22	Half-year ending 31 December 2022
2H FY	Half-year ended or ending 30 June
AANA	Australian Association of National Advertisers
AAS	Australian Accounting Standards issued by the Australian Accounting Standards Board
AASB	Australian Accounting Standards Board
Account Registration	An account opened with BlueBet
ACMA	Australian Communications and Media Authority
Active Customers	A registered customer that has placed a bet in the preceding 12-month period
AFL	Australian Football League
Aggregate Substantial Interest	Has the meaning given in Section 9.9(b)
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth)
Annual Customer Value	Net Win divided by Active Customers for a given period
API	Application programming interfaces
Applicant	A person who submits an Application
Application	An application to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Monies	The amount accompanying an Application Form submitted by an Applicant
Aristocrat	Aristocrat Leisure Limited (ACN 002 818 368)
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation
ASX	Australian Securities Exchange or, as the context requires, the financial market operated by it
ASX Listing Rules	The listing rules of ASX that govern the admission, quotation and removal of securities from the Official List
ASX Recommendations	The fourth edition ASX Corporate Governance Council's <i>Corporate Governance Principles and Recommendations</i>
ASX Settlement Operating Rules	The settlement operating rules of ASX as amended, varied or waived from time to time
Audit and Risk Committee	The committee described in Section 6.7(b)

TERM	MEANING
AUSTRAC	Australian Transaction Reports and Analysis Centre
Award	Means an award of Options, Performance Rights or Shares under the Company's LTIP
Bad Leaver	Has the meaning given in Section 6.5(b)
B2C	Business-to-consumer
Bet Count	Number of bets placed through the wagering platform
Betgenius	Betgenius Limited
Betgenius ANZ	BlueBet Pty Ltd and Betgenius ANZ Pty Ltd (formerly known as Total Betting Solutions Pty Ltd)
BlueBet	BlueBet Pty Ltd (ACN 607 521 835) or, as the context requires, a reference to the underlying business of the Company
BlueBet US	BlueBet USA, Inc, as described in Section 3.3.1
Board of Directors or Board	The Board of Directors of the Company
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a Broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident eligible retail clients of Brokers who have received an invitation from their Broker to participate in the Offer
CAGR	Compound annual growth rate
Capital expenditure	a combination of capitalised development costs and other costs related to property, plant and equipment, government licence fees and market access capitalised expenditure
CGT	Capital gains tax
Centrebet	Former Australian corporate bookmaker (no longer operational)
CHESS	ASX's Clearing House Electronic Subregister System
Closing Date	The date on which the Offer is expected to close, being 23 June 2021 in respect of the Retail Offer. These dates may be varied without prior notice
Company	BlueBet Holdings Ltd (ACN 647 124 641)
Completion	Completion in respect of the issue of Shares pursuant to the Offer
Constitution	The constitution of the Company in place on and from Completion
Core Betting Engine	BlueBet's modular and scalable betting engine featuring content management, regulation and reporting, promotions, payments, bet intercept, risk management and account management modules
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Cost of Sales	Expenses directly attributable to BlueBet's wagering offering, including wagering levies, POC taxes, fees paid to affiliate partners and merchant fees
Cost per First-Time Depositor	The cost of acquiring a Registered Customer that has deposited money into their account
CRM	Customer relationship management
Customer Acquisition Cost	The cost of acquiring a Registered Customer
CY	Year to 31 December
CY20	Calendar year ended 31 December 2020

TERM	MEANING
CY21	Calendar year ending 31 December 2021
DFS	Daily fantasy sports
Director	A director of the Company from time to time
EBIT	Earnings/(losses) before interest (net finance income) and taxation
EBITDA	Earnings/(losses) before interest (net finance income), taxation, depreciation and amortisation
ECL	Expected credit loss
EGMs	Electronic gaming machines
Enterprise Value	Market capitalisation at the Offer Price, less adjusted pro forma historical net cash of \$49.6 million as at 31 December 2020. For the purposes of calculating Enterprise Value, pro forma historical net cash as at 31 December 2020 (per Table 4.11) has been adjusted for a \$1,339k dividend declared to Mr Sullivan subsequent to 31 December 2020 and to exclude \$176k of lease liabilities. Enterprise Value is equal to \$178.5 million
Escrow Deed	The Escrow Deeds entered into between the Company and the Escrowed Shareholders as described in Section 7.12 and Section 9.7
Escrow Period	The period from the date of Completion (when the Escrowed Shares are issued) to the date that is 24 months after the date of Completion
Escrowed Shareholder	Persons subject to voluntary escrow arrangements as described in Section 9.7
Escrowed Shares	Each of the Shares held by the Escrowed Shareholders at Completion of the Offer (other than any Shares issued in connection with the Offer)
Existing Securities	Securities held by Existing Securityholders in BlueBet Pty Ltd as at the Prospectus Date
Existing Securityholder	A person holding securities as at the Prospectus Date in BlueBet Pty Ltd, which will be a wholly owned subsidiary of BlueBet on Completion as a consequence of the Restructure
Existing Shares	Ordinary shares in BlueBet Pty Ltd held by Michael Sullivan at the date of this Prospectus
Exotics	A type of bet such as a quinella, exacta, trifecta, first four, doubles, and quadrellas placed on thoroughbred racing, greyhound racing or harness racing
Financial Information	Comprises Historical Financial Information and Forecast Financial Information
First-Time Depositor	A Registered Customer that has made a deposit into their BlueBet wagering account for the first time
Forecast Financial Information	Comprises Statutory Forecast Financial Information and Pro Forma Forecast Financial Information
FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i>
FMCG	Fast-moving consumer goods
FVTPL	Fair value through profit and loss
FY	Year to 30 June
FY19	Year ended 30 June 2019
FY20	Year ended 30 June 2020
FY21	Year ending 30 June 2021
GGR	Gross gaming revenue

TERM	MEANING
GGY	Gross gambling yield
Good Leaver	Has the meaning given in Section 6.5(b)
GST	Goods and Services Tax
Grant Date	The date that Options are granted to Participants under the LTIP Grant, which is expected to occur immediately following Completion
Gross Profit Margin	Gross Profit divided by Net Revenue expressed as a percentage
Gross Profit	Net Revenue less Cost of Sales
Gross Win	Calculated as the dollar amount received from a customer who placed losing bets less the dollar amount paid to customers who placed winning bets, excluding the customer promotional costs
Group	The Company and its controlled entities
Group Company	Has the definition given in Section 6.3(b)(iv)
Historical Financial Information	Comprises Statutory Historical Financial Information and Pro Forma Historical Financial Information
HIN	Holder Identification Number
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IGA	<i>Interactive Gambling Act 2001</i> (Cth)
Implementation Deed	The agreement entered into between the Company, BlueBet and Existing Securityholders in connection with the implementation of the Restructure as described in Section 9.3 of the Prospectus
Independent Limited Assurance Report	The report prepared by the Investigating Accountant
Independent Market Expert	Frost & Sullivan Australia Pty Ltd (ACN 096 869 108)
Institutional Investor	Investors who are: <ul style="list-style-type: none"> • persons in Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under sections 708(11) and 708(8) of the Corporations Act; • Institutional Investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply); and provided that in each case such investors are not in the United States
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares
Investigating Accountant	Ernst & Young Strategy and Transactions Limited (ACN 003 599 844)
iOS	The operating system for Apple devices
IPO	The initial public offering of the Company
ISMS	Information Security Management Systems
JobKeeper	The JobKeeper Payment scheme provided as a subsidy by the Commonwealth Government for businesses significantly affected by COVID-19
Joint Lead Managers	Ord Minnett Limited and Morgans Corporate Limited

TERM	MEANING
k	Denotes the nearest thousands of dollars
Key Management Personnel	Michael Sullivan, Bill Richmond and Darren Holley
KYC	Know your customer
Legacy Options	Options in BlueBet Pty Ltd held by Existing Securities, which will be exercised prior to Completion of the Offer in connection with the Restructure described in Section 9.3
Listing	Admission of the Company to the Official List of ASX and official quotation of the Shares on ASX
LTI	Long-term incentive
LTIP	The Company's Long-Term Incentive Plan
LTIP Grant	A grant of Options under the LTIP, to be granted immediately following Company
LTIP Participants	Has the meaning given in Section 6.5(b)
LTIP Plan Rules	Has the meaning given in Section 6.5
Material Contract	Means, in respect of the Underwriting Agreement, the Escrow Deeds and the agreements summarised in section 9.5 of the Prospectus
Morgans	Morgans Corporate Limited (ACN 010 669 726)
National Consumer Protection Framework	The National Consumer Protection Framework for Online Wagering developed by the Commonwealth, state and territory governments
NBA	National Basketball Association
NBN	National Broadband Network
Net Revenue	Measured at the fair value of the consideration received or receivable from customers less GST, free bets, promotions, bonuses and other fair value adjustments
Net Win	Gross Win less customer promotional costs (the costs incurred to acquire and retain customers through bonus bets, money-back offers, early payouts and enhanced pricing initiatives)
NRL	National Rugby League
NT	Northern Territory
NT Licence	Has the meaning given in Section 3.5
NWR	Net wagering revenue
Offer	The offer of Shares under this Prospectus
Offer Price	\$1.14 per Share
Official List	The Official List of entities that ASX has admitted and not removed
Opening Date	The date the Offer opens, being 17 June 2021 or such other date determined by the Board
Operating cash flow	EBITDA less changes in working capital, income tax paid, interest paid and movement in customer cash liabilities
Options	Means options over an unissued Shares
Ord Minnett	Ord Minnett Limited (ACN 002 733 048)
Participants	Certain employees, Executive Directors and Non-Executive Directors who are eligible to receive Options under the LTIP as described in Section 6.5(a)

TERM	MEANING
PASPA	The Professional and Amateur Sports Protection Act of 1992 (Pub.L. 102–559)
PCI DSS	Payment Card Industry Data Security Standard
pcp	Prior corresponding period
POC	Point of consumption
POS	Point of supply
PFIA	Product fee and integrity agreement
Priority Offer	The offer of Shares under this Prospectus that is open to selected investors in Australia who have been invited by the Company to participate in the Offer
Priority Offer Applicant	A person who submits an Application under the Priority Offer
Priority Offer Invitation	The invitation under this Prospectus to selected investors in Australia and certain other jurisdictions to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by the Company
Pro Forma Forecast Cash Flows	Pro forma forecast cash flows for FY21, CY21 and 1H FY22
Pro Forma Forecast Financial Information	Comprises Pro Forma Forecast Cash Flows and Pro Forma Forecast Income Statements
Pro Forma Forecast Income Statements	Pro forma forecast statements of profit or loss for FY21, CY21 and 1H FY22
Pro Forma Historical Cash Flows	Pro forma historical cash flows for 1H FY20, 1H FY21, FY19 and FY20
Pro Forma Historical Financial Information	Comprises Pro Forma Historical Cash Flows, Pro Forma Historical Income Statements, and Pro Forma Historical Statement of Financial Position
Pro Forma Historical Income Statements	Pro forma historical statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20
Pro Forma Historical Statement of Financial Position	Pro forma historical statement of financial position as at 31 December 2020
Product Fees	Has the meaning given in Section 1.5
Proper ASTC Transfer	Has the meaning given in the Corporations Regulations 2001 (Cth) reg 1.0.12
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 8 June 2021
Registered Customers	Each person with an open account with the Company
Regulations	The provision of wagering services is subject to extensive laws, regulations and, where relevant, racecourses and/or sporting fixture permits and approvals
Regulatory Framework	The framework of laws, regulations and codes that apply to a wagering operator licensed in an Australian state/territory at both the Australian federal and state/territory level, and includes all conditions imposed under any wagering licence, authority or other permit granted to a licensed wagering operator by a regulatory authority
Restructure	Means the transaction steps and outcomes outlined in Section 9.3
Restructure Options	Has the meaning given in Section 9.3
Retail Offer	Together, the Broker Firm Offer and Priority Offer
SaaS	Software-as-a-Service

TERM	MEANING
Same Game Multi/ Same Race Multi	Combines different single bets from the same match or race into one multi-bet
SRN	Shareholder Reference Number
Settlement Date	The date on which Settlement occurs
Share Registry	Boardroom Pty Limited (ACN 003 209 836)
Shareholder	A holder of a Share in the Company
Share	A fully paid ordinary share in the capital of the Company
SMRs	Suspicious matter reports
STI	Short-term incentive
Skin/s	The extension of an existing licence, where a licence holder allows another operator (which is attached to their licence) to offer wagering services. These are subject to commercial agreements between the operator and the existing licence holder
Special Circumstance	Has the meaning given in Section 6.5(b)
Sportingbet	Formerly Sportingbet Australia Pty Limited (ACN 092 468 883). The business was acquired by William Hill PLC in March 2013
Sports Controlling Body	Has the meaning given in Section 3.6
Sportsbook-as-a-Solution	BlueBet's proposed offering intended to be available to potential US partners as described in Section 3.3.3
Statutory Forecast Cash Flows	Statutory forecast cash flows for FY21 and 1H FY22
Statutory Forecast Financial Information	Comprises Statutory Forecast Income Statements and Statutory Forecast Cash Flows
Statutory Forecast Income Statements	Statutory forecast statements of profit or loss for FY21 and 1H FY22
Statutory Historical Cash Flows	Statutory historical cash flows for 1H FY20, 1H FY21, FY19 and FY20
Statutory Historical Financial Information	Comprises Statutory Historical Cash Flows, Statutory Historical Income Statements and Statutory Historical Statement of Financial Position
Statutory Historical Income Statements	Statutory historical statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20
Statutory Historical Statement of Financial Position	Statutory historical statement of financial position as at 31 December 2020
Substantial Interest	Has the meaning in Section 9.9(b)
Successful Applicants	An Applicant who is issued or transferred Shares under the Offer
TAB	Totalisator Agency Board
TFN	Tax File Number
Total Registered Customers	The total number of Registered Customers
Turnover	The stake (money) a customer puts at risk when they place a bet on an event
UIGEA	<i>Unlawful Internet Gambling Enforcement Act of 2006</i>
Underwriting Agreement	The Underwriting Agreement dated on or about the date of this Prospectus between the Company, BlueBet and the Joint Lead Managers as described in Section 9.6
US	United States of America

TERM	MEANING
US Consultant	The consultant who is assisting BlueBet in executing on its US market entry strategy
Virginia Lottery	An independent agency of the Commonwealth of Virginia which operates and regulates draw games, scratchers, online games and sports betting
Wagering and Advertising Marketing Code	Wagering Advertising and Marketing Communication Code adopted by the Australian Association of National Advertisers
Wagering Laws	Has the meaning given in Section 3.5.
Working capital	Includes trade and other receivables and other current assets less trade and other payables, other current liabilities and provisions
WSP	Wagering services provider

BlueBet

CORPORATE DIRECTORY

CAULFIELD CUP

The Caulfield Cup was first run in 1879. It was run at Flemington Racecourse in 1940, 1942 and 1943 due to Caulfield Racecourse being closed and used as an army camp during World War II. Bert Cummings has dominated the Caulfield Cup since 1980. Cummings has dominated the Caulfield Cup since 1980. Cummings has dominated the Caulfield Cup since 1980.



BlueBet
TRUE BLUE BETTING

CORPORATE DIRECTORY

COMPANY'S REGISTERED OFFICE

BlueBet Holdings Ltd

1 High Street
Randwick, NSW 2031

BLUEBET OFFER INFORMATION LINE

Between 8.30 am and 5.30 pm (Sydney time),
Monday to Friday

Toll free within Australia

1300 068 177

Outside Australia

+61 2 8023 5416

OFFER WEBSITE

www.bluebetoffer.com.au

SHARE REGISTRY

Boardroom Pty Limited

Grosvenor Place
Level 12, 255 George Street
Sydney NSW 2001

JOINT LEAD MANAGERS

Morgans Corporate Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

Ord Minnett Limited

Level 8, 255 George Street
Sydney NSW 2000

LEGAL ADVISER

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue
Barangaroo NSW 2000

INVESTIGATING ACCOUNTANT

Ernst & Young Strategy and Transactions Limited

200 George Street,
Sydney NSW 2000

AUDITOR

Ernst & Young

200 George Street,
Sydney NSW 2000

TAX ADVISER

Ernst & Young

200 George Street,
Sydney NSW 2000

BlueBet Holdings Ltd

ACN 647 124 641

Broker code					
Adviser code					

Broker Firm Offer Application Form

Applicants under the Broker Firm Offer must contact their Broker for information on how to submit this Broker Firm Offer Application Form.

This is an Application Form for Shares in BlueBet Holdings Ltd (ACN 647 124 641) (**BlueBet or the Company**) under the Broker Firm Offer on the terms set out in the Prospectus lodged with the Australian Securities and Investments Commission on 8 June 2021 (or any other supplementary or replacement prospectus) (**Prospectus**). The expiry date of the Prospectus is 13 months after 8 June 2021. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of \$2,000.70 worth of Shares. This Application Form and your cheque or bank draft must be received by **5.00pm (AEST) on Wednesday 23 June 2021**. Applicants must contact their Broker for information on how to submit this Application Form and Application Monies.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Application Form should be read in conjunction with the Prospectus, which contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares. By applying under the Broker Firm Offer, you make the acknowledgements, declarations, representations and warranties set out in the Prospectus.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://boardroomlimited.com.au/corp/privacy-policy/>.

To meet the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), this Application Form must not be distributed to another person unless included in, or accompanied by a complete and unaltered copy of the Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free paper copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A	Number of Shares you are applying for	x \$1.14 per Share =	B	Total amount payable (Application Monies)	
	<input type="text"/>		\$	<input type="text"/>	
	Minimum of \$2,000.70 worth of Shares to be applied for (1,755 Shares)				
C	Write the name(s) you wish to register the Shares in (see reverse for instructions)				
	Applicant #1				
	<input type="text"/>				
	Name of Applicant #2 or Designated Account e.g. <Super Fund>				
	<input type="text"/>				
	Name of Applicant #3 or Designated Account				
	<input type="text"/>				
D	Write your postal address here (PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable))				
	Number/Street				
	<input type="text"/>				
	<input type="text"/>				
	Suburb/Town		State	Postcode	
	<input type="text"/>		<input type="text"/>	<input type="text"/>	
E	CHESS participant – Holder Identification Number (HIN)		<i>Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.</i>		
	<input checked="" type="checkbox"/> <input type="text"/>				
F	Enter your Tax File Number(s), ABN, or exemption category				
	Applicant #1		Applicant #2		
	<input type="text"/>		<input type="text"/>		
	Applicant #3				
	<input type="text"/>				
G	Cheque payment details – PIN CHEQUE(S) HERE		<i>Please enter details of the cheque(s) that accompany this application.</i>		
	Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
H	Contact telephone number (daytime/work/mobile)		I		
	<input type="text"/>		Email address		
	<input type="text"/>		<input type="text"/>		

Declaration

By submitting this Application Form with your Application Monies, I/we declare, warrant, represent and agree that I/we:

- ✓ have read the Prospectus to which the Application Form relates in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed and lodged this Application Form in accordance with the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our application may be rejected by the Company in its absolute discretion without any reasons, including where the Application Form is not properly completed or where a cheque submitted with the Application Form is dishonoured;
- ✓ acknowledge that if my/our Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be treated as valid;
- ✓ acknowledge that the decision as to whether to treat my/our Application Form as valid, and how to construe, amend or complete it, is final;
- ✓ acknowledge that my/our Application Form may be accepted in part only and I/we may be allocated fewer Shares than I/we applied for but that I/we will not, however, be treated as having offered to subscribe for a higher number of Shares than are indicated on my/our Application Form;
- ✓ acknowledge that the decision on the number of Shares to be allocated to me/us is final;
- ✓ acknowledge that if my/our application is rejected, or is accepted in part only, I/we will receive a full refund of all or part of our Application Monies without interest (as applicable) and no refunds pursuant to rounding will be provided;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age and have a registered address in Australia;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ the Shares have not been and will not be registered under the US Securities Act or the securities laws of any jurisdiction in the United States and accordingly may not be sold in any jurisdiction outside Australia unless the transaction is exempt from registration under the US Securities Act and in compliance with all applicable laws;
- ✓ am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person;
- ✓ have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Shares may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Shares or the Offer.
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ Declare that I/we give the representations set out in section 7.10 of the Prospectus.

Guide to the Broker Firm Offer Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant white sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Share for which you wish to subscribe at Item **A** (not less than \$2,000.70 worth of Shares (1,755 Shares)). You may be issued all of the Shares applied for or a lesser number. Multiply the number of Shares by A\$1.14 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**. Please make sure the amount of your cheque of bank draft equals this amount.
- C** Write the **full name** you wish to appear on the register of Shares. This must be either your own name or the name of a company. Initials are not acceptable for first names. Up to 3 joint Applicants may register. You should refer to the table below for correct registrable title.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company or the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESSE by a stockbroker or other CHESSE participant you may enter your CHESSE HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESSE account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of your TFN or ABN is not compulsory and will not affect your Application Form.
- G** Complete the **details of your cheque** or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in Item **B**. If you receive a firm allocation of Shares from your Broker, make your cheque payable to your Broker in accordance with their instructions.
- H** Enter your **contact telephone number** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of the correct form set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual Use given names	Mr John David Smith	J D Smith
Company Use Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts Use the trustee(s) personal name(s)	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Mr Michael Peter Smith <Est Late John Smith A/C>	John Smith (deceased)
Partnerships Use the partners' personal names	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies Use office bearer(s) personal name(s)	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds Use the name of the trustee of the fund	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at Item C on the Application Form.

Lodgment instructions

The Broker Firm Offer opens at 9.00am (AEST) on Thursday 17 June 2021 closes at 5.00pm (AEST) Wednesday 23 June 2021

It is not necessary to sign or otherwise execute the Application Form.

Applicants under the Broker Firm Offer must contact their Broker for information on how to submit this Broker Firm Offer Application Form.

Privacy Statement

BlueBet advises that Chapter 2C of the Corporations Act requires information about its shareholders (including your name, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number in the Prospectus.



BlueBet