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ASX Announcement (ASX:BBT)

5 February 2025

BlueBet announces strategic acquisition of TopSport; launches $15.0 million Equity Raising

Highlights

- **Significantly earnings accretive for shareholders (>30% EPS accretion in FY26 and FY27)[1]**
- **Brings BlueBet closer to strategic 10% - 15% market share 'sweet spot' in Australia**
- **Drives margin advantage, share of wallet and engagement leveraging BlueBet's technology platform, including personalised promotion engine**
- **Leverages repeatable M&A model to drive industry consolidation and create shareholder value**

BlueBet Holdings Limited (ASX:BBT) (**BlueBet** or the **Group** or the **Company**) is pleased to announce it has entered into a binding Asset Sale Agreement (**ASA**) to acquire certain assets of Merlehan Booking Pty Ltd (trading as '**Top Sport**') (**TopSport**) (**Proposed Transaction**).

The acquisition will leverage the Company's repeatable model for accretive M&A and expand on the highly-successful combination of BlueBet and betr. The announcement follows a very strong 1H FY25, where the Company delivered EBITDA positivity[2] for the half off the back of a strong trading performance and accelerated synergy gains.

To support the acquisition, BlueBet is undertaking an institutional placement to raise gross proceeds of approximately $15.0 million via the issue of approximately 44.1 million New Shares. Proceeds will be used fund the cash component of the Upfront Payment payable to TopSport under the ASA and otherwise deployed for integration and migration costs, working capital purposes and further growth initiatives.

BlueBet CEO, Andrew Menz, said:

"*The acquisition of TopSport materially enhances BlueBet's profitability and scale, is highly accretive for our shareholders and brings us closer to our strategic target of 10%+ market share in Australia.*

1. Earnings per share accretion calculated utilising consensus analyst forecast post the release of the Q2 FY25 Quarterly Activities Report and Appendix 4C and management assumptions regarding TopSport's financial performance, including a net win margin of 9% in FY26 and 10% in FY27, and utilisation of accumulated tax losses. Excludes one off transaction costs.
2. Including synergies, excluding one-off transaction and synergy realisation costs.

"Inorganic growth remains a key opportunity for BlueBet and we have a laser focus and a repeatable M&A model to drive shareholder value by further consolidating the Australian wagering market.

"This transaction is a blueprint for further M&A and delivers a high conversion of Net Gaming Revenue to EBITDA as we leverage our previous investment in our proprietary technology, brand and best-in-class management team.

"Tristan Merlehan is one of this country's most-respected bookmakers and will further strengthen our market-leading risk and trading capability, driving margin improvement and sustainable profitability for shareholders."

TopSport CEO, Tristan Merlehan, said:

"We conducted a thorough process to identify the best partner for TopSport and BlueBet was the clear choice. BlueBet's recent and long-term record in successful customer migrations and scaling wagering businesses is unrivalled in this market, and I am pleased to play a key role in its bright future as we grow our share of the Australian wagering market.

"I am very proud of what we have achieved at TopSport and our customers will continue to receive the same levels of service going forward, together with the benefits of a significant uplift in their wagering experience."

Overview of TopSport

TopSport is an Australian sports and racing betting company operated by father and son duo Lloyd and Tristan Merlehan who boast over 50 years' combined bookmaking experience. TopSport recorded $198.9 million turnover in 1H25 and $11.8 million Net Win, resulting in a 5.9% Net Win margin.

TopSport customers have attractive wagering characteristics, including a skew towards sports wagering, and are expected to deliver material revenue synergies on the betr platform. There is limited customer crossover, with only 33% of TopSport's last 12 month Net Win coming from customers who were active with BlueBet.

Transaction Overview

The Proposed Transaction is structured as an asset sale, with BlueBet only acquiring key assets from TopSport, including TopSport's customer database, brand and intellectual property, material contracts valued by BlueBet and selected employees.

The purchase price for the Proposed Transaction will comprise an upfront payment of $10 million (70% in cash, 30% in scrip), deferred earn out payments based on the Net Gaming Revenue generated from TopSport customers in the first three years following completion, the issuance of performance-based options and potential bonus payments. The cash component of the upfront payment will be funded using part of the proceeds from the Equity Raising, with the deferred earn out payments and bonus payments to be satisfied out of the future cash reserves of the Company. The performance-based options will be issued utilising the Company's existing placement capacity under Listing Rule 7.1.

The Proposed Transaction is subject to several conditions precedent, including obtaining regulatory approval from the Northern Territory Racing Commission and the Greyhould Welfare and Integrity Commission and successfully completing the Equity Raising. The Proposed Transaction and the Equity Raising are not subject to BlueBet shareholder approval.

The Proposed Transaction is expected to complete in April 2025, subject to satisfaction (or, where applicable, waiver) of the conditions precedent and customer migration taking place. The Transaction structure creates alignment between the Company and the vendors and minimises risk to BlueBet shareholders. Importantly, the Company has only acquired the assets and liabilities it requires to maintain

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and grow Net Win from TopSport customers. All other assets and liabilities of the TopSport business will not be acquired by BlueBet as part of the Proposed Transaction.

Tristan Merlehan, TopSport's CEO, will join BlueBet's Executive Team as Chief Trading Officer on and from completion of the Proposed Transaction.

BlueBet undertook a due diligence process in respect of the Proposed Transaction, which, in part, relied on legal, financial, taxation, synergies and operational due diligence on information provided by or on behalf of TopSport.

TopSport's obligations under the ASA are guaranteed by TopSport's founders, Tristan Merlehan and Lloyd Merlehan.

A summary of the key terms of the ASA (including a full list of conditions precedent) is included in Appendix A of this announcement and Appendix A of the accompanying investor presentation.

Equity Raising

The Company has successfully undertaken an institutional placement to raise gross proceeds $15.0 million via the issue of approximately 44.1 million New Shares, utilising its existing placement capacity under ASX Listing Rule 7.1 and representing 7.8% of the Company's current issued share capital.

The placement is being conducted at $0.34 per share, representing:

- 3.0% premium to the Company's last traded price of $0.3300 on 3 Februrary 2025
- 0.6% premium to the 5-day volume weighted average price of $0.3379
- 3.5% premium to the 30-day volume weighted average price of $0.3284

Settlement of the placement shares under the equity raising is scheduled to take place on Wednesday 12 February 2025 with allotment and commencement of trading to occur on Thursday 13 February 2025. Ord Minnett Limited and Morgans Corporate Limited are acting as Joint Lead Managers and Bookrunners to the Equity Raising.

AUTHORISATION

This announcement has been authorised for lodgement to the ASX by the Company's Board of Directors

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About BlueBet (ASX:BBT)

BlueBet (ASX:BBT) is an online wagering provider listed on the Australian Securities Exchange, with operations in Australia. BlueBet is powered by a highly scalable proprietary cloudbased technology platform that can also be delivered as a white-labelled technology solution for B2B partners. BlueBet's websites and apps have been developed using a mobile-first strategy, delivering a premium mobile user experience. On 1 July 2024, BlueBet merged with leading Australian online wagering company, betr, creating a major player in the Australian online wagering market. The company has a world-class board led by prominent Australian wagering industry figures Michael Sullivan and Matthew Tripp, and a highly experienced management team. From 14 August 2024, BlueBet adopted the betr brand for its Australian consumer facing operations

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APPENDIX A: SUMMARY OF THE ASA

Structure	• The Proposed Transaction will be implemented by way of an asset purchase. • TopSport's obligations under the ASA are guaranteed by TopSport's founders, Tristan Merlehan and Lloyd Merlehan.
Assumed Liabilities	• From Completion, BlueBet will only assume TopSport's liabilities in respect of pending bets, transferring customers, transferring employees and liabilities under certain business contracts. • All other liabilities are excluded from the transaction perimeter and will remain with TopSport.
Consideration	In consideration for the sale of assets by TopSport, TopSport will receive: • an upfront payment of $10 million, to be paid 70% in cash (using the proceeds of the Equity Raising) and 30% in new, fully paid ordinary shares in BlueBet issued at the same price as under the Equity Raising (the **Upfront Payment**); • potential cash earn out payments based on NGR (defined below) attributed to eligible TopSport Customers during the relevant testing periods (the **Earn Out Payments**); • potential issuance of up to 23,000,000 performance options with a nil strike price, based on NGR attributed to eligible TopSport Customers during the relevant testing periods (the **Deferred NGR Options**); and • potential bonus payments contingent on the Company's share price reaching certain milestones (the **Bonus Payments**). The scrip component of the Upfront Payment and the Deferred NGR Options will be issued to TopSport's nominee entity, Merlehan Family Investments Pty Ltd (**TopSport Nominee**). TopSport Nominee is an entity controlled by TopSport's underlying shareholders, Tristan Merlehan, Lloyd Merlehan and Joanne Merlehan. **Net Gaming Revenue (NGR)** means the total amount of cash bets placed by TopSport Customers less the total amount paid to TopSport Customers as winnings, taxes, promotional costs and other costs. **TopSport Customer** means a customer who elects to transition from the TopSport platform to the betr platform and who is not permanently self-excluded. **<u>Earn Out Payments</u>** The Earn Out Payments will be split into three tranches, with each tranche tested at the end of the first, second or third anniversary of completion of the Proposed Transaction (**Completion**) (as applicable) and paid based on NGR attributed to eligible TopSport Customers during the relevant testing period* multiplied by 25% to 75% (depending on the type of TopSport Customer). **If a TopSport Customer holds a wagering account with both BlueBet and TopSport, NGR of that TopSport Customer will only be included in the NGR calculation for the purposes of the Earn Out Payments and the Deferred NGR Options to the extent of that TopSport Customer's pro rata NGR contribution in the 12 months prior to Completion of the Proposed Transaction.* If the Earn Out Payments in the first two years do not result in a payment to TopSport of $5 million or more, BlueBet will make a top up, cash payment at the end of the second anniversary of completion of the Proposed Transaction of up to $5 million (**the Top Up Payment**). The aggregate of the Upfront Payment and the Top Up Payment represents $15 million of guaranteed consideration for TopSport under the Proposed Transaction.. The Earn Out Payments (and, if applicable, any Top Up Payment) must be satisfied in cash and are intended to be funded using future cash reserves of the Company.

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Consideration (continued)

Deferred NGR Options

The Deferred NGR Options will be:

- issued based on NGR attributed to eligible TopSport Customers during the relevant testing period, with no Deferred Options issued if NGR is below $30 million for the first tranche or $12 million for the second tranche; and
- split into two tranches, with the first tranche (being the cumulative NGR of eligible TopSport Customers of the first two years after Completion) tested at the end of the second anniversary of Completion and the second tranche (being the NGR of eligible TopSport Customers in the third year after Completion) tested at the end of the third anniversary of Completion;
- capped at 20,000,000 Deferred Options for the first tranche (based on a NGR ceiling of equal to or more than $50 million) and 3,000,000 Deferred Options for the second tranche (based on NGR ceiling of equal to or more than $12 million).

Once exercised, a Deferred NGR Option will convert into one ordinary share.

Bonus Payments

Instalment	Cash Formula	Share Price Milestone
First Bonus Payment	1,000,000 x ($0.38 - $0.3284[1])	$0.38 or more (based on 5-day VWAP) any time between 1 January 2026 and 30 December 2030
Second Bonus Payment	1,000,000 x ($0.50 - $0.3284[1])	$0.50 or more (based on 5-day VWAP) any time between 1 January 2027 and 30 December 2030
Third Bonus Payment	1,000,000 x ($0.60 - $0.3284[1])	$0.60 or more (based on 5-day VWAP) any time between 1 January 2028 and 30 December 2030

Timing and Conditions Precedent

Completion in respect of the Proposed Transaction is expected to occur in April 2025 (following the successful migration of TopSport customers to the betr platform), subject to the satisfaction of the following conditions precedent under the ASA:

- obtaining regulatory approval from the Northern Territory Racing Commission and the Greyhound Welfare and Integrity Commission;
- successfully completing the Equity Raising;
- there being no material adverse change in relation to TopSport's business before Completion; and
- execution of new employment contracts with the Company for key TopSport personnel, including Tristan Merlehan.

If the conditions precedent are not satisfied or waived (if applicable) by 31 July 2025, either BlueBet or TopSport may terminate the ASA by written notice to the other.

Escrow

- The scrip component of the Upfront Payment will be subject to voluntary escrow arrangements.
- The TopSport Nominee, as the recipient of the scrip component of the Upfront Payment, will be prohibited from trading 50% of the upfront scrip for a period of 6 months from Completion and the remaining 50% for a period of 12 months from Completion.

1. Equal to the 30-day VWAP prior to announcement

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