



# CHAPMANS

HIGH CONVICTION INVESTMENT & FINANCE

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**ASX/Media Release**

**19 April 2017**

## **CHAPMANS DELIVERS STRONG FY 2016 RESULTS – POISED FOR GROWTH**

### **HIGHLIGHTS**

- **Revenues for 12 months to 31 December 2016 \$4.2 million**
- **Advisory fees earned \$2.74 million** – 218.6% increase on previous year
- **Net Profit After Tax \$1.858 million**
- **Net Tangible Asset value \$11.006 million** – 105.14% increase on previous year
- **Net Tangible Asset backing per share 3.67c per share** – 2.8 times current share price
- **Investment portfolio Fair Market Value \$14.807m** – 82.24% increase on capital invested

The Directors of Chapmans Limited (ASX: CHP) (Chapmans, the Company) are pleased to release the Company's financial results for the full year ended 31 December 2016, which has seen it deliver a solid growth result and position the Company for significant future capital upside.

Chapmans reported revenues of \$4.2 million and a net profit after tax of \$1.858 million for the Company's financial year 2016.

It should be noted that these two results were impacted by a reduction in the Fair Market Value of the Company's Digital4ge investment from \$5.778 million to \$0.896 million (due to the market capitalisation of Reffind Limited (ASX: RFN), of which Digital4ge has a 48% interest, declining from \$62 million to \$4.8 million).

The Company's portfolio of investments performed strongly and delivered excellent growth. The total independent after tax fair market value of the portfolio increased by \$6.682 million, from \$8.125 million to \$14.807 million - an increase of 82.24% on the investment cost - the amount invested in each investment. (See Table 1: Asset Portfolio Performance as at 31 December 2016).

Advisory fees earned in the financial year 2016 were \$2.74 million, an increase of more than three times on the previous year.

Net tangible assets more than doubled during the year, to \$11.006 million – more than 2.5 times Chapmans current market capitalisation. Net tangible asset backing per share was 3.67c per share, which is more than 2.5 times the Company's current share price.

Chapmans strong full year 2016 results have been delivered by its commitment to its hands-on, high conviction investment approach to high growth investment opportunities across a diversified class of industry sectors.

The Company's adherence to its investment philosophy sees it well placed to deliver substantial capital upside for the half year to 30 June 2017, and beyond.

This will be supported by significant developments with its 20FOUR Media Holdings and Syn Dynamics investments, including positioning these investments for ASX listing, and a discontinuance of indirect (or 'look through') holdings in line with the Company's focus on 'active', direct investments.



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Investment	Investment at Cost	Fair Market Value	Change in Value	% Change in Value
20FOUR Media Holdings Pty Ltd	\$1.2m	\$5.3m	\$4.1m	342%
Digital4ge Pty Ltd	\$0.75m	\$0.896m	\$0.146m	19.5%
Visual Amplifiers Ltd	\$0.15m	\$0.15m	No change	No change
Syn Dynamics Australia Pty Ltd	\$1.025m	\$3.315m	\$2.29m	223.4%
Fantasy Sports Global Limited	\$5m	\$5.146m	\$0.146m	2.92%
<b>TOTAL</b>	<b>\$8.125m</b>	<b>\$14.807m</b>	<b>\$6.682m</b>	<b>82.24%</b>

**Table 1:** Asset Portfolio Performance as at 31 December 2016.

Total independent portfolio valuation of assets directly owned by Chapmans Limited and assets owned by Chapmans subsidiary, Chapmans Opportunities Limited (COL) - Syn Dynamics and Fantasy Sports Global.

## INVESTMENT PORTFOLIO OVERVIEW

### 20FOUR Media Holdings Pty Ltd – Chapmans 39%

20FOUR Media Holdings (20FOUR) is a mobile digital media business. Its business model is highly scalable and is designed to capitalise on the global market opportunity in sports media content generated by a burgeoning mobile sports fan audience market.

20FOUR has a mobile App and online platform which allows fans to keep up with their favourite sport stars and access exclusive content free of charge, including personal stories and insights, master classes and one-on-one interaction.

The business caters to the rapidly evolving market in which the personal profiles of athletes have significant commercial value, and delivers this asset to market in a way that encourages big brands and media agencies to allocate marketing spend. The model also directly solves issues for players around monetising their values outside of salary cap restrictions and hazardous social media platforms.

The business is preparing to launch in May 2017, and post-launch will focus on athlete recruitment, platform development and wide scale commercial roll-out with major media agencies and brands ahead of a proposed ASX listing.

### Digital4ge – Chapmans 15%

Digital4ge is a specialist early stage mobile technology business which identifies and secures majority equity interests in compelling early stage opportunities with scalable global market potential. It seeks to develop qualified opportunities to achieve liquidity and significant returns to investors, via ASX listings or trade sale.

Underlying investments include **REFFIND Limited** (ASX: RFN), which offers an innovative mobile employee rewards and engagement communication solution for companies and other organisations. Digital4ge listed RFN on the ASX in July 2015 and has a ~44% equity holding in RFN.

Digital4ge's other key asset is a 60.61% equity holding in **Visual Amplifiers Limited** (VAMP), a social media-driven product placement platform connecting influencers and advertisers. VAMP provides mass demographic product placement for brands on Instagram. It has successfully represented brands including Samsung, Ebay, Smirnoff, Vittoria, General Pants and UniQlo.



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## **Syn Dynamics Australia Pty Ltd – 80% Chapmans Opportunities**

Syn Dynamics Australia Pty Ltd (SDA) has developed and patented a breakthrough, next generation plasma gasification technology with significant application in the global hazardous waste remediation and renewable energy industries.

It converts a wide range of carbon-based waste material into synthetic gas – 'syngas'. Syngas is a global commodity with a wide range of uses including various forms of renewable energy and as a fuel or feedstock for chemical manufacturers.

The technology has been developed over a 10 year period and solves the issues of chronic storage and insurance costs for hazardous and toxic waste generating heavy industries, while addressing large balance sheet liabilities associated with environmental and public health risks for large waste producers such as oil refineries, petrochemical manufacturers, mining, metals and pharmaceutical companies.

Compared to other clean tech or brown-to-green technologies, SDA's technology has breakthrough cost, performance and implementation advantages presenting mass scale adoption opportunities in huge addressable global markets.

SDA is currently conducting a 12 month R&D and Commercialisation Project with CSIRO, and has also entered into a term sheet for its first commercial scale transaction, a 50:50 joint venture with a leading Asia Pacific based corporate with significant operations in the resources, energy and environmental services sectors. SDA and its JV partner plan to install and operate the first commercial plant within the next 12 months before expanding activities throughout the Asia Pacific region.

## **Fantasy Sports Global Limited – 12% Chapmans Opportunities**

Fantasy Sports Global (FSG) is a sports gaming product innovation and technology company focused on the development and operation of state-of-the-art fantasy sports platforms in Australia and key international markets. Fantasy sports are online games where participants assemble imaginary or virtual teams of real players of a professional sport. It is as rapidly growing, multi-billion dollar global industry.

FSG has accumulated a suite of fantasy sports platforms and sports wagering assets via in-house development and acquisition. It is able to offer daily and weekly free-of-charge fantasy sports games in T20 and One Day International Cricket, EPL and NBA, and has also struck successful sports code and media affiliate deals with the KFC Big Bash, Telstra and others, and conducted successful pilot campaigns in India

All FSG offerings include its sophisticated actuarial-based player performance and metrics system, called OneSport, which provides a complete turnkey database of player statistics to help users to better select and manage teams based on OneSport's dynamic player value updates.

FSG has signed its first wholesale supply agreement with the Australian arm of a large global sports betting company, under which its OneSport database and fantasy sports platform will be supplied on a white label basis, under a revenue share model. FSG aims to replicate this type of agreement with a number of high profile sports betting companies in Australia and key international markets including Asia, India and the UK. FSG plans to list on the ASX in 2017.

ENDS

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## **About COL**

Chapmans Opportunities Limited (COL) is a subsidiary of ASX-listed diversified investment company Chapmans Limited (ASX: CHP). It is an investment entity focused on making non-controlling investments in small to medium Australian companies, predominantly providing active expansion capital in the technology sector. COL plans to seek an ASX-listing in due course.

## **About Chapmans**

Chapmans (ASX: CHP) is an ASX listed diversified investment company engaged in special situation investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors. It seeks to be an active strategic investor in high growth areas of the market, and to identify and work with emerging high growth companies. The Company's investment philosophy and approach are based on a unique mix of high conviction and special situation features, characterised by advisory and equity investments structured around specific events and assets for both public and large private corporates.

# Chapmans Limited

Full year results — 31 Dec 2016

# Chapmans Delivers Solid Growth Result

Despite \$4.8m write down in Digital4ge (RFN)

	FY 2015 (Restated)	FY 2016
	\$,000	\$,000
Revenue	\$5,801	\$4,201
NPAT	\$1,704	\$1,858
EPS (cents per share)		0.11
NTA (cents per share)		3.66
Current Share Price: (cents per share)		1.3

2.8x

NTA backing per share  
compared to current share price

\* FY2016 figures include \$4.8m decrease in Digital4ge FMV due to RFN

# Undervalued with Significant Capital Upside

Cash Fees Up more than 3x

	FY 2015 (Restated)	FY 2016
	\$,000	\$,000
Revenue	\$5,802	\$4,201
Increase in fair value (net increase in FMV less additional net cash invested)	\$4,730	\$1,459
Advisory fees	\$860	\$2,740
Other	\$227	\$1

## Comments

Advisory cash fees up more than 3x to \$2.74m

Total revenue down this year due to:

- Reduction in Digital4ge FMV from \$5.778m to \$0.896m due to RFN market cap falling from \$62m to \$4.8m
- \$2.52m cash invested in new and existing assets

Future risk of FMV write-downs and impact on NTA and Revenues mitigated by discontinuance of investments with indirect or ‘look through’ holdings such as Digital4ge – Direct and active holdings only.

Asset developments in 20FOUR Media & Syn Dynamics combined with write down of Digital4ge FMV, positions CHP with significant capital upside heading into 30 June

# Undervalued with Significant Capital Upside

	FY 2015 (Restated) \$,000	FY 2016 \$,000
NTA	\$5,365	\$11,006 (2.8x market cap)
Current NTA		3.66 (cents per share)
Current Share Price		1.3 (cents per share)
Shares Issued	\$1.431b	300,000,057
Market Cap		\$3,900
Discount to NTA		~ 65%

2.05x

NTA more than doubled

65%

Current share price  
discount to NTA

Substantial upside to come  
from developing assets and  
ASX listings this year





# Fair Market Values & Adjusted Book Values

The independent portfolio valuation of assets owned by Chapmans Opportunities Limited (COL) - Syn Dynamics & Fantasy Sports Global – are summarized below combined with the key assets directly owned by Chapmans Limited. These consolidated post tax fair market values are provided as a comparison to the adjusted book values which take into consideration the relevant deferred tax liabilities and minority interests in COL.

	Investment at Cost	Fair Market Values	Adjusted 'Net Asset Values'
20FOUR Media Holdings Pty Ltd	\$1.2m	\$5.3m (up \$3.6m)	\$5.3m
Digital4ge Pty Ltd	\$0.75m	\$0.896m (down \$4.778m)	\$0.896m
Visual Amplifiers Ltd	\$0.15m	\$0.15m	\$0.15m
Syn Dynamics Australia Pty Ltd	\$1.025m	\$3.315m (up \$2.29m)	\$1.768m
Fantasy Sports Global Limited	\$5m	\$5.146m (up \$0.146m)	\$2.745m
Total	\$8.125m	\$14.807m	\$9.913m

# Our Investment Focus

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## Investment Approach

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- High conviction investments only
- Compelling high growth opportunities – industry agnostic
- Value proposition must deliver significant revenues through innovation with clear efficiency and/or cost advantages with ability to scale globally
- Low entry price
- Significant capital growth
- Substantial holdings enable CHP to be actively supporting strong executive teams and experienced boards
- Clear visibility to liquidity event typically within 12 – 18 months of CHP investing
- Expansion Capital - to be applied to accelerate growth and expand operations
- Pre-IPO, IPO participation & post-IPO market support
- Actively managed – typically board representation and exclusive advisory & listing rights
- Aggressive minimum target returns

# Investment Objective & Philosophy

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## Return Focus

The Company's investment objective is to achieve aggressive returns through active development of its assets through to ASX listing and other exit events

## High Conviction Philosophy

The Company's High Conviction investment philosophy is based on a number of core investment principles:-

- 1. Concentration and Consistency** - Larger stakes in fewer stocks operating in a small concentrated band of innovation facilitated growth **opportunities** in which the company has competitive subject matter expertise and stakeholder networks.
- 2. Capital Growth** – Value driven through special situation low entry price opportunities with event based re-valuation upside clearly identified if not contracted (for example re-pricing via IPO and other business growth trigger points)
- 3. Portfolio Diversity** – Dynamic mix of private and public targets at different stages of value, risk and return curve with minimum cash holding
- 4. Flexibility of Horizon** – Early stage / short term liquidity and exit options mitigate capital risks and provide visibility to early recovery of capital and minimum returns with the ability to hold longer term positions
- 5. Active Management & Substantial Holdings Only**

# Investment Policies

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## Individual Target Analysis

- Quantitative Analysis – Detailed financial modelling and sensitivity testing, cashflow analysis, profitability, EV/Rev, EV/EBITDA & PE
- Qualitative Analysis – Validation of proposition, size and timing characteristics of market opportunity, scalability of offer and market penetration, measure of efficiency and/or disruption to current market
- Composition of register

## Risk Management

- Substantial Holding – minimum 5%
- Control or influence over corporate finance advisory and capital raising activities
- Legal – regulatory framework and operating environment , IP, keyman & 3rd party risks
- Market support – IR & broker relationships

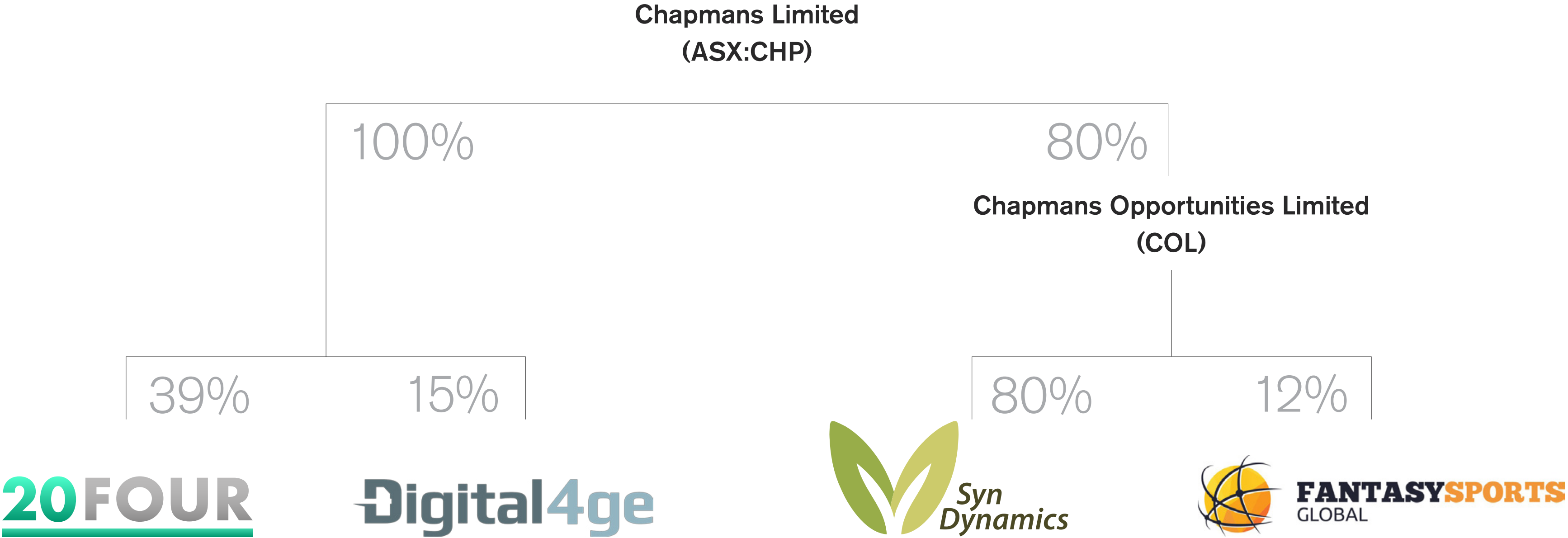
## Management Analysis & Execution

- Assessment of board, management and execution risk
- Board representation

## Asset Allocation

- Diversified across private and public company targets

# Current Portfolio



# Current Portfolio Investments

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## Principal Investments

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20FOUR Media Holdings (20FOUR) is a mobile digital media business established to capitalize on the global market opportunity in sports media content required for the burgeoning mobile sports fan audience markets, increasingly funded by big brand sponsorship dollars. Through its 20FOUR branded mobile App and online platform, 20FOUR allows fans to keep up with their favourite sport stars and access exclusive content free of charge including personal stories and insights, master classes and one-on-one interaction.

The business caters to the rapidly evolving market in which the personal profiles of athletes have significant commercial value, and delivers this asset to market in a way that encourages big brands and media agencies to allocate marketing spend. The model directly solves issues for players around monetizing their values outside of salary cap restrictions and hazardous social media platforms.

The company's business model is based on the traditional media pillars of selling audience reach to big brands with key new media differentiators of:

- Smarter commercial model - Paying much less for exclusive media assets than broadcasters by acquiring sports star mobile and social media rights as opposed to mainstream broadcast rights for games
- Captures larger audiences - Leverages larger, more measurable and engaged audiences than free to air and subscription TV audiences
- New and exclusive content channels - Exclusive athlete generated content plus exclusive sponsored content publishing the off-field stories and journeys of professional athletes

20FOUR is a highly scalable business with an exceptional executive team and board consisting of proven experts in sports and social media sales, marketing and production combined with global talent management.

The business is preparing to launch in Q2 2017 and has plans for an ASX listing.



# Principal Investments



Enterprise Valuation 30 June 2016	\$13.5m
Total Investment to date:	\$1.2m
Chapmans Investment Valuation 31 Dec 2016	\$5.3m
Capital Uplift to date:	4.42x or 342%
Equity Holdings:	39.25%
Basis for Valuation:	Recent third party investment
Securities Purchased:	Ordinary Shares

1.2m

Total Investment to date

5.3m

Investment Valuation

342%

Capital Uplift to date



## Principal Investments

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**20FOUR**

### Achievements to Date

- Recruitment of a highly experienced and proven executive team including key individuals from Fox Sports, News Corp, William Hill, Group M and the AFL.
- Appointment of a strong technology development team with experience in delivering large and complex mobile and web based development projects on time. The Phase I design is complete, on schedule, on budget and ready for the business launch in Q2 this year.
- Successful recruitment of 50 high profile Australian and New Zealand athletes, with final contractual discussions underway with a further 50 - 100 athletes to roll-out with before the end of calendar 2017. At launch, the personal reach of 20FOUR's athletes will exceed 10 million social accounts.
- Strong traction with the largest media agencies in the region delivering a steady flow of official marketing briefs issued (all pre-launch and ahead of schedule)
- On-track for a strong launch in Q2 2017 with a comprehensive schedule of post-launch activities across athlete recruitment, platform development and wide scale commercial roll-out with major media agencies and the brands they represent.

## Principal Investments



Digital4ge is a specialist early stage mobile technology commercialization business which identifies and secures majority holding equity rights in compelling early stage businesses with scalable and global market potential.

The company's business model is to secure the equity and investment rights for specific qualified opportunities and within 12 – 24 months to develop each opportunity as individually registered spin outs with liquidity and significant capital uplift returns achieved through ASX listings or trade sale options.

Chapmans Limited invested \$750,000 in 2014 in exchange for a 15% equity holding with board representation.

### **REFFIND Limited (ASX:RFN)**

Digital4ge developed and listed its first asset, REFFIND Limited in July 2015 by way of IPO on the ASX. At 31 December this year RFN had a market capitalization of approximately \$4.8 million with operations in Australia and the United States where it offers an innovative mobile communication solution for enterprises with a focus on employee rewards and engagement. Digital4ge holds approximately 44% of RFN.

### **Visual Amplifiers Limited (VAMP)**

Digital4ge's other key asset is a 60.61% equity holding in Visual Amplifiers Limited (VAMP) which is a social media product placement platform connecting influencers and advertisers.

VAMP provides mass demographic product placement on Instagram for brands through VAMP's influencer briefing and payment platform. The company works as a link among +700 social influencers' on its books with big brand clients by offering services that include talent recruitment, product delivery and payments through to reporting, analytics and optimization.

VAMP influencers post images within brand specified date ranges with a focus on product placement as opposed to product endorsement which strengthens the brands image and generates a higher reach in terms of comments and likes. VAMP has successfully represented Samsung, Ebay, Smirnoff, Vittoria, General Pants, UniQlo, Snapple and many others.

# Principal Investments



Enterprise Valuation 31 December 2016	\$10.78m pre-tax
Enterprise Valuation 31 December 2016	\$7.25m post tax
Total Investment to date:	\$750,000
Investment Valuation 31 December 2016	\$896,841
Capital Uplift to date:	20%
Equity Holding:	15%
Basis for Valuation:	ASX & Net Assets
Securities Purchased	Ordinary shares

750,000

Total Investment to date

896,841

Investment Valuation

20%

Capital Uplift to date





## Principal Investments

Syn Dynamics Australia Pty Ltd (SDA) has developed and patented breakthrough next generation plasma gasification technology with significant market opportunities in the global hazardous waste remediation and renewable energy industries. The technology has been developed over the past 10 years in Europe and Australia and is designed to address the performance, efficiency and scale limitations of existing waste to energy gasification technology with the objective of optimizing conversion, cost and accessibility requirements of the global waste mass markets.

The technology solves chronic storage and insurance costs for heavy industries that generate hazardous and toxic waste while addressing large balance sheet liabilities associated with environmental and public health risks for large waste producers such as oil refineries, petro-chemical manufacturers, mining, metals and pharmaceutical companies.

SDA's plasma gasification is a next generation of gasification, a globally proven and adopted process by which carbon based material is converted into synthetic gas – 'syngas'. Syngas is a global commodity and has a wide range of uses including various forms of renewable energy such as electricity generation and as a fuel or feedstock for chemical manufacturers.

Compared to other clean tech or brown-to-green technologies, SDA's technology has breakthrough cost, performance and implementation advantages presenting mass scale adoption opportunities in huge addressable global markets.

### SDA's four key unique technical and commercial advantages are:

- **Performance & Efficiency** - Converts 100% of waste material into clean syngas – competing technologies only convert 30% - 50% and produce residual tars and toxic chemicals such as dioxins hence limiting their adoption.
- **Diversity of Application** - Ability to treat a wide range of waste materials including liquid and solid hazardous waste, biomass and solid hydrocarbons such as coal
- **Scalability** - Operates with low energy consumption and can be installed on-site as a fixed or mobile plant able to scale up or scale down as waste stocks increase or decrease over time
- **Financial** - Plant and processing costs are much lower than other gasification and existing large scale hazardous waste remediation technologies





# Principal Investments

Enterprise Valuation 30 June 2016	\$6.25m
Total Investment to date:	\$1.025m
Investment Valuation 31 Dec 2016	\$3.315m
Capital Uplift to date:	\$2.29m 3.23x or 223%
Equity Holdings:	80%
Basis for Valuation:	Recent investment & milestone achievement
Securities Purchased:	Ordinary Shares

1.025m

Total Investment to date

3.315m

Investment Valuation

223%

Capital Uplift to date





## Principal Investments

Chapmans has invested \$1,025,000 through its subsidiary Chapmans Opportunities Limited (COL) for an 80% equity holding with board representation and exclusive advisory and ASX listing rights. The remaining 20% equity interest is held by the technology founders through their Swiss based company Syn Dynamics GmbH. Chapmans has also agreed to invest through COL up to a further \$750,000 under a convertible note deed to assist with the completion of further research and development work and engineering process and plant design work required to commercialize the company's technology.

### CSIRO R&D and Commercialization Project

In July last year, SDA entered into a strategic 12 months research, development and commercialization agreement with CSIRO who have since commissioned SDA's test batch processing plant at CSIRO's Queensland Centre for Advanced Technology (QCAT). The commercialization project had two key phases consisting of (1) establishing SDA's batch plant operability and testing for core performance features including plasma generation and conversion of carbon electrodes into syngas; and (2) optimizing and characterizing the

input and output performance of the plant, ascertaining its suitability for conversion of a range of waste feedstocks to syngas and working with SDA to finalise the optimal pathway to analysis, design and manufacture for SDA's first commercial in-market plant.

Phase 1 has been successfully completed and Phase 2 is nearing completion with initial benchmark testing of bituminous coal converted into syngas through SDA's reactor. Significant work has been carried out to achieve stable and consistent reactor performance including plasma voltage, sample conversion effectiveness, gas flows and system pressure. Initial sample materials from prospective customers, including hazardous waste materials such as oil and tank bottom sludge, have been received and are now being tested. An additional new Phase 3 is currently being specified by the CSIRO and SDA project team for the design, development and testing of a 'continuous feed system' required for the first commercial in-market plant.



## Principal Investments

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### Patents

SDA has finalised and submitted a new worldwide patent application for its core plasma gasification reaction with further patent applications to be filed as part of the company's extensive patent program.

### Development of Commercial Opportunities

In December SDA entered into a 50:50 joint venture term sheet with a leading Asia Pacific based corporate with well established operations in the resources, energy and environmental services sectors (the JV Partner). The JV Partner cannot be named at the time of this report due to confidentiality provisions. Under the term sheet SDA and the JV Partner have agreed to develop, refine and implement SDA's technology for the large scale treatment of hazardous waste materials in the JV Partner's existing Asia Pacific territories for their extensive list of mining, oil and gas based customers. Following positive testing results, performance and detailed commercial discussions, SDA and the JV partner plan to install and operate the first commercial plant within the next 12 months before expanding activities throughout the Asia Pacific region.



## Principal Investments



FSG is a sports gaming product innovation and technology company focused on the development and operation of state of the art fantasy sports platforms in Australia and key international markets. Fantasy sports are online games where participants assemble imaginary or virtual teams of real players of a professional sport and is as rapidly growing multi-billion dollar industry globally.

FSG has accumulated its suite of fantasy sports platforms and sports wagering assets through a combination of in-house development and acquisitions. These include Business-to-Business (B2B) and Business-to-Consumer (B2C) offerings. All fantasy sports offerings include a sophisticated actuarial based player performance and metrics system developed by FSG called OneSport which provides a complete turnkey database of player statistics to help users engage more personally and socially by selecting their teams and managing changes based on OneSport's dynamic updates to player values. The algorithms driving OneSport enable fantasy sports players and their teams to be ranked which adds further engagement and loyalty amongst users.

The company has a unique business to business model that optimizes revenues for its OneSport database and separately branded fantasy platforms by leveraging into the large marketing budgets and customer bases of the major global sports betting companies (wholesale customers) as well as white labelling its products to large companies

such as sporting clubs, franchises and large corporates (enterprise customers). FSG's platforms use sports data and live feeds from Sportradar, Perform, Opta, Stats Prozone and Champion Data which provide global market scale with leading edge sports betting and fantasy sports offerings including pre-match and "live in-game" betting and fantasy gaming on more than 20,000 individual sporting events annually.

Chapmans invested \$5m in FSG in June last year through its subsidiary Chapmans Opportunities Limited (COL) which has a 12.30% equity holding in FSG as part of a \$10.45m placement, with board representation, exclusive corporate advisory and ASX listing rights.

FSG has since signed its first wholesale supply agreement with the Australian arm of a large global sports betting company under which its OneSport dynamic player database and fantasy sports platform are to be supplied on a white label basis on a large affiliate revenue share basis. The company expects to replicate this outstanding outcome with many of the largest sports betting companies in Australia and key target international markets including Asia, India and the UK. The company's B2C offerings are based on betting prize pool clip revenues and advertising revenues once reach and scale are achieved.



# Principal Investments

Enterprise Valuation 30 June 2016	\$42.2m
Total Investment to date:	\$5m
Investment Valuation 31 Dec 2016	\$5.146m
Capital Uplift to date:	2.9%
Equity Holding:	12.19%
Basis for Valuation:	Recent third party investment
Securities Purchased	Ordinary shares

5m

Total Investment to date:

5.146m

Investment Valuation

2.9%

Capital Uplift to date:



## Principal Investments

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### Achievements to Date

- Acquisition of the distressed assets of fantasy sports, data and content business Play Up. This platform has since been relaunched and now offers daily and weekly free-of-charge fantasy sports games on sporting competitions including T20 and One Day International Cricket, the EPL and NBA.
- Acquisition of leading Australian fantasy sports business Top 8 Fantasy Pty Ltd.
- Acquisition of Australian sports wagering and gaming technology company, Favourit Australia Pty Ltd. This acquisition has since provided FSG with a highly valuable Northern Territory sports bookmaker licence which, after the Australian Federal Government's decision to close Norfolk Island's gaming authority, leaving many smaller niche market wagering businesses with Norfolk Island licences, stranded and restricted from operating.
- Acquisition of one such sports wagering business JR's Sportsbook which last year generated revenues of \$19.4m.
- Successful sports code and media affiliate deals with the KFC Big Bash, Telstra and others.
- Successful pilot campaigns in India

The company has plans to list on the ASX in 2017.

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