



BetMakers

Shareholder Update - July 2018

DISCLAIMER

This shareholder update is dated 20 July 2018. The material contained in this document is a presentation of general information about the activities of The BetMakers Holdings Limited (the “Company” or “TBH”) as at the date of this update.

This document is not a prospectus, product disclosure statement or other offer document under Australian law or under any other law. The information is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs and does not include all information which an investor may require to assess the performance, risks, prospects or financial position of the Company. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate. To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by the Company, including any of its related bodies corporate. This update contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties. The forward-looking statements contained within the update are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include: general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does, and will, operate; conduct of contracted counter parties; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of the information in this update, including any forward-looking statement. The Company disclaims any responsibility to update or revise any information in this update, including forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The data projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company. You must not place undue reliance on these forward-looking statements.



We help bookmakers
make bets

KEY TERMS OF THE ENTITLEMENT OFFER

Offer Size and Structure:

- 1 for 2 accelerated non-renounceable pro-rata entitlement offer to raise approximately \$6.7M (before costs).
- Approximately 84 million new TBH ordinary shares (New Shares) to be issued.

Offer Price:

- 8 cents (\$0.08) per New Share.

Institutional and Retail Components:

- The institutional component of the Entitlement Offer will be conducted over Friday 20 July 2018 and Monday 23 July 2018.
- The retail component of the Entitlement Offer opens on Tuesday 24 July 2018 and closes on Tuesday 7 August 2018. Eligible retail shareholders in Australia and New Zealand will be entitled to apply for New Shares under the Retail Offer and also apply for additional shares over their entitlement under a Shortfall Facility (subject to the Board's discretion).

New Shares:

- New Shares issued will rank equally with existing TBH shares.

KEY TERMS OF THE ENTITLEMENT OFFER

Event	Date
Announcement of the Offer	20 July 2018
Institutional Offer opens	20 July 2018
Institutional Offer closes	23 July 2018
Record Date for Offer	24 July 2018
Dispatch of this Booklet to Eligible Retail Shareholders	27 July 2018
Retail Offer opens	27 July 2018
Settlement of Institutional Offer	31 July 2018
Issue of New Shares pursuant to Institutional Offer and commencement of trading of those New Shares on ASX	1 August 2018
Closing Date of Retail Offer	7 August 2018
Announce results of Retail Offer	10 August 2018
Issue of New Shares pursuant to Retail Offer	14 August 2018
Quotation of New Shares pursuant to Retail Offer on ASX	15 August 2018
Dispatch of holding statements for New Shares pursuant to Retail Offer	16 August 2018

CEO ADDRESS



Todd Buckingham
Chief Executive Officer

To my fellow shareholders,

The Directors and I are pleased to present Shareholders with an opportunity to participate in a Rights Issue. Funds raised will be used to acquire two companies in a strategic move which are expected to significantly propel The BetMakers business.

Following TBH's recent announcement of the proposed acquisition of DynamicOdds ("DO" or "DynamicOdds"), the Company has entered into a conditional share sale agreement ("SSA") to acquire Australia's number one wagering data distribution company Global Betting Services ("GBS").

GBS currently provides data technology solutions for some of the world's biggest gaming companies and is underpinned by a proprietary 'Price Manager' software solution. GBS specialises in fixed odds data delivery and management and has become a vitally important part of how wagering operators run their businesses.

Both DO and GBS are well established and profitable companies with expertise in producing essential tools required to manage a digital wagering book. Each business has a diverse set of revenue streams and products that will complement The BetMakers' technology stack.

With the acquisition of these two successful companies we believe The BetMakers will now become the wholesale supplier of choice across the international wagering landscape as we focus on delivering improved performance and more products for our customers.

The Global Tote ("GT") continues to remain a core focus for TBH as we continue to grow our wholesale offering. We are yet to see the GT reach its potential because of restrictions across the ever-changing landscape in Australia, however the Company is continuing discussions with Neds, Ladbrokes and the Northern Territory Racing Commission. While we attempt to reach better outcomes in Australia, which we remain committed to, the GT will focus on growth in International markets including the US and UK, in which it is regulated, licensed and fully approved.

GT is licensed to operate in the UK market through the UK Gambling Commission as well as being licensed to operate in 35 States across the US through the North Dakota Gaming Authority.

With the Company's wholesale focus now streamlined and the intended acquisition of two profitable companies, we are forecasting a profitable FY19 followed by an estimated profit forecast of \$4.0M - \$5.0M EBIT in FY20

* Forecast are based on assumptions listed on Page 14 of this presentation.

We are entering an exciting time at The BetMakers as we look to deliver products to our clients that will assist them in giving better products and services to their customers. With an already impressive client base, we are looking forward to updating the market on our expansion across the UK and US with both our data and analytics solution and with The Global Tote.

Regards,
Todd Buckingham

CORPORATE SNAPSHOT

Statistics as of 19 July 2018

Share Code

TBH

Shares on Issue

168,205,929

Current Share Price

\$0.091



Nick Chan

Chairman and Non-Executive Director

Mr Chan has more than 30 years' experience in media. He has held senior leadership and operational roles with leading Australian media companies. Mr Chan was most recently CEO of magazine publisher; Bauer Media Group. Prior to that Mr Chan held the COO position at Seven West Media and CEO of Pacific Magazines, a subsidiary of Seven West Media for 9 years.



Todd Buckingham

Chief Executive Officer

Mr Buckingham has more than 20 years' experience working in the Sports and Wagering industry in Australia. Mr Buckingham is the co-founder of TBH and has held the position of CEO of TopBetta since its inception. In 2015, Mr Buckingham successfully launched the Company onto the ASX and continues to hold the position of Managing Director/ CEO.



Simon Dulhunty

Non-Executive Director

Mr Dulhunty has more than 25 years' experience in the print and digital media sector. Throughout his experience, Mr Dulhunty has held management and operational roles including award winning Editor of The Sun-Herald newspaper. In addition Mr Dulhunty was also General Manager of Fairfax Media's mobile development team which was responsible for the acclaimed iPad applications for The Age, The Sydney Morning Herald and The Australian Financial Review publications.

RECENT ASX ANNOUNCEMENTS

TBH Completes the Sale of Retail Assets

- TBH retail businesses, 'TopBetta' and 'Mad Bookie', sold to PlayUp Limited for \$6M. \$3M paid and remaining \$3M to be paid by 30 September 2018
- Service and Software Agreements Executed in respect of the TopBetta and Mad Bookie brands

Change of Company Name

- Company name changed to 'The BetMakers Holdings Limited'
- ASX Code to remain TBH

TBH Expands Wholesale Strategy with DynamicOdds Acquisition

- TBH enters into a conditional, binding Heads of Agreement ("HOA") to acquire data and betting tools provider, DynamicOdds.com.au
- DynamicOdds provides live data solutions to Australia's Principal Racing Authorities
- DynamicOdds provides the tools for wagering operators to power their fixed odds products

TBH TO ACQUIRE 100% OF SHARES IN LEADING GLOBAL WAGERING SERVICE PROVIDER, GLOBAL BETTING SERVICES

- Global Betting Services ("GBS") delivers bookmaking services for respected global Wagering Operators, including William Hill, Sportsbet, Kindred (Unibet), Ladbrokes and Bet365.
- GBS's flagship product, Price Manager, is a bookmaking tool that allows fixed odds pricing to be an automated process across more than 1,000 events simultaneously.
- TBH to pay \$10 Million in cash and shares, with \$1 Million to be paid in cash up-front on completion and the remaining \$9 Million to be paid in cash and/or shares.

THE ACQUISITIONS

DynamicOdds (“DO”)

On the 14th of June, The BetMakers announced that it had entered into a binding, conditional Heads of Agreement (“HOA”) to acquire 100% of the shares in data and betting tools company, DynamicOdds Pty Ltd (“DO”), and its associated licensing brands (“Assets”) (<http://www.dynamicodds.com.au/>) (“Acquisition”).

The DO brand is a provider of wagering data in Australia and currently supplies data feeds to (and delivers data on behalf of) Australia’s Principal Racing Authorities as well as a number of Australia’s licensed bookmakers and sophisticated punters. The data feeds provided by DO are a key component for bookmakers both online and on-track in their fixed odds pricing models.

The business was established to provide a platform for both punters and industry professionals to analyse and monitor betting markets. Client segmentation comprises data catered to service, retail subscribers, commercial subscribers, racing bodies, and corporate wagering operators.

DO has developed ‘Integrity Solutions’ for racing and sporting bodies and will continue to expand on its already established ‘Integrity Technology’. DO will be looking to provide Integrity Solutions to help monitor and detect betting discrepancies which allow regulators important tools to combat integrity concerns.

Current staff will continue to work on the business and have committed to assisting with the TBH acquisition for 3-years.

Global Betting Services (“GBS”)

On the 18th of July 2018, The BetMakers announced that it had entered into a conditional share sale agreement to acquire 100% of Global Betting Services Pty Ltd (“GBS”).

GBS is a leading wagering service provider which deliver data to some of the world’s most respected corporate bookmakers including William Hill, SportsBet, Kindred (Unibet) Ladbrokes and Bet365 and many other leading operators in Australia and the UK.

Through their flagship product, Price Manager, the GBS integrations feed through historical and live data to consumer facing racing products, providing a fully integrated solution which is required to operate online betting system.

On the 18 of July 2018, The BetMakers announced that it had entered into a conditional share sale agreement to acquire 100% of Global Betting Services Pty Ltd (“GBS”)

THE BETMAKERS PRODUCTS

1. Data & Analytics ("DNA")

- Race Day Controls
- Price manager - Fixed odds pricing system
- Data compilation delivery
- Informatics solutions
- White label platforms
- Consumer applications
- Risk management systems
- Integrity tools for Racing bodies
- Integrity tools for Sporting bodies

2. Global Tote ("GT")

- Parimutuel Wagering Technology
- Fully licensed in UK
- Fully licensed in US (35 states)
- Global Partners secured across the US, UK and Australia
- ITSP Connect in Q2 2018/19
- \$100M+ Turnover in first 12 Months after launch

DATA & ANALYTICS

Race Day Control

Fields

Race Information

Scratchings

Race Open/Close

Deductions

Results

Pricing & Informatics

3rd Party Data

Fixed Odds
Betting

Auto Pricing
& Client
Management

Race Form

Derivative
Pricing

Fixed Odds
Exotics

Single and Convenient Integration for

Existing Platforms - Established Operators

White Label Platform Solutions - New Operators

**Note: Operators are required to have individual-approved deals with data suppliers to access data through The BetMakers API or white label.*

DATA & ANALYTICS

THE BETMAKERS PRODUCT OFFERING*

Monthly Paid Subscriptions

- Punters using premium punting tools
- Bookmakers using odds grids and data
- Professional punters for odds comparison

Official Price

- Contracts with racing authorities
- Delivery of Official Price to race tracks
- Delivery of Official Price to bookmakers

Data Compiling & Delivery

- Consuming over 100 data sources
- Delivering via one single integration to corporate bookmakers
- 3rd party data delivery
- In house produced data solutions

Fixed Odds Pricing

- Fundamental modelling
- Market driven factors
- Wide range of bet types
- Fixed exotics for Quinella, Trifect, First 4 & More

Fixed Odds Pricing (Price Manager)

- Pricing solution to generate single price
- Rules engine for individualised pricing
- Odds comparison tools
- Price monitoring

Derivative Pricing

- Single price delivery
- Blended pricing for 'Bundle bets'
- 20+ derivative prices for each race/event

Informatics

- Speed maps, form, silks, comments, tips, ratings and more
- Single feed solution
- 3rd party packaging and delivery

Auto Pricing & Client Manager

Utilising the “Bet Interceptor” developed by The BetMakers, operators can set & forget with the rules engine allowing pre-determined trading rules. This system will dramatically decrease trading overheads and create better stability & transparency of results.

** Product offerings subject to the successful completion of the acquisition of DynamicOdds & Global Betting Services*

GLOBAL TOTE

The Global Tote (“GT”) is licensed as a B2B totalisator by the Alderney Gambling Control Commission. GT is designed to be a wholesale solution delivering no-risk racing and sports parimutuel products for approved wagering operators globally. In the first twelve months of operation, GT processed in excess of \$100M in wagers on horse racing and greyhound events.

International Sports

International Racing

PRODUCTS


Win Place


Quinella


Exacta


Trifecta


First Four


Place Pots


Triple Trios


Quaddies

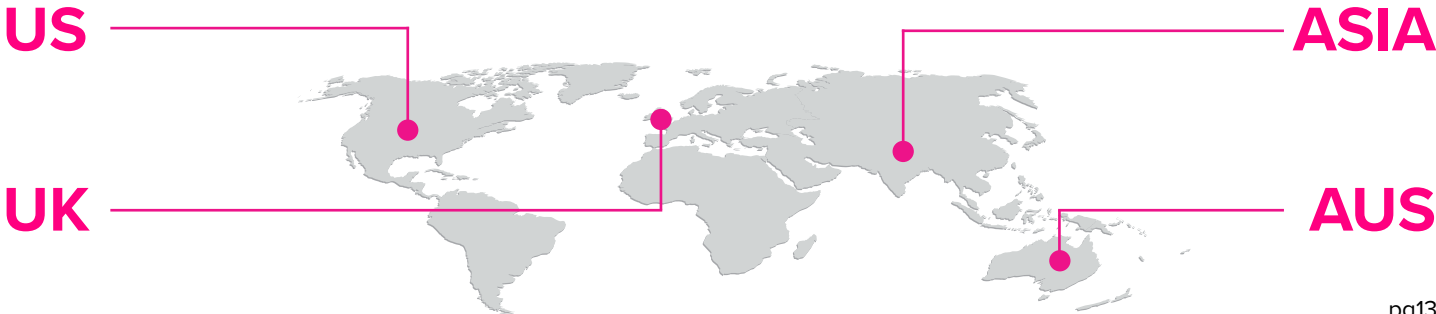

Head 2 Head


Margins


Pick the Score


Pick the Margins

Global Wagering Operators



TBH PROFIT GUIDANCE

- * The Company forecasts it will be profitable in FY19.
- * The Company provides profit guidance for FY20 of \$4.0M - \$5.0M.
- * While the Company projects it will not be profitable in 1st half FY19, the company gives guidance it will make sufficient profit in 2nd half FY19 to return a full year profit.

Key Assumptions

- The BetMakers group assumptions based on 10 of months integrated revenues from DynamicOdds and Global Betting Services.
- Current Services agreements.
- Costs synergies savings across the group.
- Cost rationalisation as a result of exiting the retail business.
- Revenue forecasts include - \$4.8M generated by the two acquisitions producing EBIT of \$3M.

RETAIL ENTITLEMENT OFFER & USE OF FUNDS

Please see below the Company's use of funds from the Retail Entitlement Offer below:

- The Company is looking to increase its product suite for the wholesale Data & Analytics division of the business and will use funds to continue development and monetisation of these products.
- The Company has entered into binding agreements with both Dynamic Odds and Global Betting Services and will use funds raised in the Retail Entitlement Offer to complete these transactions and the make the initial payments to control the entities (should the conditions precedent to each transaction be satisfied or waived).
- While further payments are required for both acquisitions, given the companies are profitable, management believe the final payments will be funded through a combination of: cash at hand at the time, profit generated during the next 12 months, or further capital raise.

RISKS

1. Risk Factors

Introduction

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Booklet in its entirety and consult their professional advisors before deciding whether to apply for New Shares.

Key Investment Risks

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Booklet.

(a) Additional Requirements for Capital

Should the funds raised be insufficient to fulfil the Company's planned short term expenditure requirements, the Company may have an immediate requirement to raise further funds. As the Offer does not contain a minimum subscription amount, this will be a risk to investors who take up the Offer.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations as the case may be.

(b) Potential for significant dilution where Entitlement not taken up

Upon implementation of the Offer, the number of Shares in the Company will increase from 168,205,929 as at the date of this document to 252,308,894. This means that each Share will represent a lower proportion of the Company's ownership.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

RISKS

(c) Regulatory Risks

(i) General licensing risks

The operation of wagering businesses in Australia and elsewhere is highly regulated and is governed by strict regulations and through the granting of licences, permits or other approvals to participants by the relevant governments.

The Company will need to comply with relevant regulations and the terms of any wagering licences, permits or other approvals (although no forecast is made of the extent to which they may be approved). Any non-compliance could lead to a range of disciplinary actions, such as a letter of censure, reprimand, fines, amended or

additional terms or, ultimately, the suspension or cancellation of a licence, permit or approval.

If a licence, permit or approval is suspended, revoked or cancelled by the relevant government or regulator (in Australia or overseas), the Company would not be permitted to operate the relevant business or product.

In addition, the directors and shareholders of the Company are subject to specific restrictions in relation to their activities and interests in the Company (as well as other gaming entities) which, if breached, result in non-compliance with the licence conditions by the Company, which may result in a range of sanctions or penalties being imposed on the Company.

There is a risk that one or more Australian or foreign gambling regulators may object to a security holder holding an interest in the Company or object to one or more directors, officers, employees or agents of the Company (or a subsidiary of the Company). In that event, there is a risk that the Company's proposed business will not commence or may be discontinued and costs and liabilities may be incurred, with the consequential loss of value to the Company and its security holders.

There is a risk that one or more Australian or foreign governments, gambling regulators or other regulators may determine that the provision of the products proposed by the Company is in breach of relevant laws or regulatory requirements.

Any non-compliance by the Company with the relevant laws, regulations or terms of any applicable gaming licences, permits or approvals may have a material adverse impact on the financial performance of the Company and/or the Share price and may affect security holders' investments in the Company.

(ii) Regulatory conditions of customer contracts

The Company (or its subsidiaries) enter into contracts with customers for the provision of the products or services offered by the Company. These customer contracts may require the approval or consent of one or more Australian or foreign governments, gambling regulators or other regulators as a condition for the customer to use, access or comply with the contract in relation to, the products or services offered by the Company. There is a risk that such governments, gambling regulators or other regulators may not grant such approval or consent. In such circumstances, these customer contracts may not be able to be complied with by either the Company or the customer.

RISKS

Any non-compliance by the Company's customers with the relevant laws, regulations or terms of any applicable gaming licences, permits or approvals may result in the customer becoming unable to comply with its contractual obligations to the Company, which may have a material adverse impact on the financial performance of the Company and/or the Share price and may affect security holders' investments in the Company.

(iii) Breach of, or failure to meet, conditions of bookmaker and betting exchange licence

There are a number of strict licence conditions which apply to the betting exchange licence (and associated racing body and jurisdiction approvals) held by the Company's subsidiary, The Global Tote Limited (the Licence Holder). These licence conditions and approvals include for example, compliance with Know Your Customer "KYC" requirements, turnover reporting, payment of fees and the requirement to notify and seek prior written approval from the relevant authority in respect of certain matters. If the Licence Holder fails to meet these licence conditions or is found to be in breach of any of these licence conditions, there is a risk that the licence(s) granted will be suspended or revoked/cancelled which will have a material adverse impact on the Company's ability to provide its products and services.

(iv) Termination, suspension and cancellation of licences

In certain situations, including if Company were to fail to meet the term and conditions of its gambling licences or other compliance requirements set out in the various racing approvals or sports product fee and integrity agreements, there is a risk that the licences and authorisations that have been granted to the Company may be suspended, terminated or cancelled.

As at the date of this document, the Company has not been advised of the existence of any circumstance which is likely to give rise to the termination, suspension or cancellation of any of those licences. The suspension, cancellation or termination of any of the key licences or authorisations held by the Company may result in a loss of revenue and profit for the Company, which would be likely to adversely affect the Company's financial performance.

(d) DynamicOdds and Global Betting Solutions Acquisitions

As previously disclosed, the Company has entered into agreements which will allow it to acquire DynamicOdds Pty Ltd (DO) and the parent company of Global Betting Services Pty Ltd (GBS). As disclosed in the Company's announcements, completion of these acquisitions is subject to a number of conditions being satisfied. While the Company is confident that these conditions can be met, there is a risk that they will not be satisfied and completion of the acquisitions will not occur.

(e) Sale of TopBetta Pty Ltd

As disclosed in the announcement released on 2 July 2018, the Company completed the sale to PlayUp Australia Pty Limited (PlayUp) of 100% of the shares in TopBetta Pty Ltd (TopBetta) and the associated retail assets, TopBetta and MadBookie. Pursuant to the terms of the agreement, PlayUp is required pay the balance of the purchase price, being \$3M (payable in cash or shares in PlayUp Limited) on or before 30 September 2018. If PlayUp fails to pay the balance of the purchase price, the Company will not be able to utilise these funds to complete the acquisitions of DO and GBS and may be required to raise additional capital or seek alternative funding.

RISKS

(f) Technology and Software Risks

The Company's business is based largely on the software, source code, technology and computer programs which comprise of its online wagering platforms. As with all information technology and software products, there is a risk that this technology and/or software may be superseded or displaced in the market by new technology offerings or software which customers perceive have advantages over the Company's offerings.

(g) Computer System Risks

The Company by necessity, places and will continue to place, significant reliance on its computer systems and related infrastructure for ongoing operations. Whilst the Company believes it is using proven technologies and has established systems to efficiently carry out its operations, the viability of its endeavours can be affected by force majeure circumstances, market access constraints, cost overruns, the performance of associated parties or unforeseen claims and events. Computer viruses, fire and other natural disasters, break ins, or a failure of power supply, information systems, hardware, software or telecommunications systems or other catastrophic events could expose the Company to short, medium or long term interruptions, delays or cessation in service to the Company's clients. If these events were to occur, the Company may be unable to operate its business, potentially putting the Company in breach of its contractual obligations, damaging its reputation and adversely affecting its ability to generate revenue.

(h) Intellectual Property Risks and Obligations

While the Company has implemented measures to protect its intellectual property and know-how, there is a risk that the Company's failure of inability to protect its intellectual property rights may have a significant adverse effect on the Company's operations, financial performance and competitive advantage.

Further, there is a risk that the Company's operations, products, services or platforms may infringe the intellectual property rights of third parties. In the event that any claim or litigation is brought against the Company which alleges that the Company has infringed another party's intellectual property rights, this could result in the Company being subject to significant liability for damages (among other consequences, such as losing the right to use the intellectual property). This may have an adverse effect on the Company's financial performance and its ability to conduct its business operations.

(i) Security Software and Technology Breaches and Improper Access to Personal Data

The use of information technology and effectiveness of the Company's platform are critical to the ability of the Company to deliver services to its customers and the growth of its business. By their nature, information technology systems are susceptible to cyber attacks with third parties seeking unauthorised access to data. Security breaches may involve unauthorised access to the Company's networks, systems and databases and the deployment of viruses or other malicious software designed to create system and service disruptions, exposing financial, proprietary and personal information.

In addition, in providing services to its customers, the Company stores, analyses and transmits confidential and personal information. It is possible that the measures taken by the Company to protect its proprietary information and any personal information are not sufficient to prevent unauthorised access to, or disclosure of, such data.

RISKS

Any accidental or deliberate security breach or other unauthorised access to the Company's information technology systems or customer data may subject the Company to reputational damage, a loss of confidence in the services it provides, claims by customers, loss of customers, reputation, business, financial condition and financial performance.

Further, some of Company's third party suppliers may receive and store information provided by Company or its customers through web applications. Although any such information is limited and subject to confidentiality obligations, if these third party suppliers fail to adopt or adhere to robust security practices, or in the event of a breach of their security systems, any such information may be improperly accessed, used or disclosed.

(j) Race Field and Sports Product Fees

The Company has agreements with some of the major Australian sporting bodies relating to events taking place Australia-wide. Under these agreements, the Company is required to pay a product fee to the relevant sporting controlling body, which, unlike the race field fee levied by most racing controlling bodies, is based in almost all sports, on "gross revenue" (turnover minus winnings paid to customers).

The level of product fees payable in respect of both sporting events and racing events has increased on a regular basis since their introduction and there is a risk that the product fees will continue to increase. Further, some racing and sporting bodies have complex fee rates and models, which have had the effect of increasing expenses of the wagering business and which have an adverse effect on the operational and financial performance of the Company. There is risk that the racing/sporting controlling bodies will continue to amend/change their models for calculating the relevant product fees, increase the relevant product fees payable and/or consider that the Company has not paid the correct fees due under these product fee arrangements.

There is also a risk that the application of the sports product fee and integrity agreements (and therefore the obligation to pay a product fee) will be expanded to apply to sporting events taking place outside of Australia on overseas events. This may have an adverse effect on the operational and financial performance of the Company.

(k) The Group relies on its agreements with sports and racing controlling bodies

The Group has entered into various product fee and integrity agreements with sports controlling bodies, under which the Group is entitled to conduct sports betting in relation to events and competitions operated by those sporting controlling bodies, in return for payment of product fees in accordance with the terms of those agreements. Under some of these sporting agreements, the sports controlling body has the discretion to determine the types of bets the Group is permitted to take. A removal of one or more types of bets the Group is permitted to take under these arrangements may materially adversely affect the Group's financial position.

RISKS

Similarly, the Group has in place various approvals and authorities granted by racing controlling bodies which permits the Group to publish and/or use the relevant race fields information associated with those racing controlling bodies in return for the payment of a race field fee. Under these approvals/authorities, the Group is required to comply with certain applicable terms and conditions, as well as the relevant provisions, rules and regulations relating to racing, provided under the relevant State/Territory laws. Under these approvals/authorities and State/Territory legislation, the racing controlling bodies have the discretion to determine the types of bets the Group is permitted to take. A removal of one or more of these bet types may materially adversely affect the Group's business operations and financial position.

(l) Competition

The Company's products currently compete with Australian licensed bookmakers (both on-course and corporate bookmakers) and other international wagering and gambling operators who accept bets over the telephone or internet (such as totalisators, corporate bookmakers and betting exchanges). The internet and other forms of distribution have, and will continue to enable competitors to enter the Company's various markets. There is a risk that competitors with substantially greater resources could launch competing products to those offered by the Group and take market share away from the Group.

(m) Company racing and sports products

The Company's wagering business is reliant on the New South Wales, Victorian and other interstate and overseas racing and sporting controlling bodies providing a regular program of events for the purposes of wagering. A significant reduction in the number of race meetings or sporting fixtures, or the occurrence of an event which impacts adversely on the Australian racing industry or the relevant sport, or which otherwise disrupts the scheduled racing or sporting program, may have an adverse effect on wagering revenue and an adverse effect on the operational and financial performance of the Company.

(n) Advertising obligations

Wagering operators are obliged to comply with extensive requirements in respect of the advertising of their services. The breach of any of these advertising requirements by the Company may result in significant penalties being imposed.

(o) Responsible gambling obligations

In accordance with its licences, the Company is required to have in place responsible gambling measures, for example, procedures that allow customers to set betting deposit limits or enter into self-exclusion arrangements. Failure to comply with these obligations will result in a breach of the Company's licence(s) and a risk that the licence may be suspended or revoked/cancelled.

In addition to the responsible gambling obligations that exist under the Company's licences (or prospective licences), there are also extensive responsible gambling obligations set out in Australian Federal, State and Territory law and regulations with which the Company is required to comply. The breach of these laws and regulations may result in not only penalties being imposed for the breach of legislation, but the possibility that, in some states, the Company may no longer be permitted to provide or offer its services to customers in that State or Territory.

RISKS

(p) Anti-money laundering and counter-terrorism financing risks

As a provider of a gambling service, the Company is deemed to be a reporting entity under Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the AML/CTF Act). Accordingly, the Company is required to comply with a number of obligations under the AML/CTF Act including, for example, requirements to:

- (i) develop and implement an AML/CTF program;*
- (ii) conduct customer due diligence and customer identification and verification procedures; and*
- (iii) report suspect matters and transactions to the Australian regulator, AUSTRAC.*

Failure to adequately monitor and mitigate against money laundering and other fraudulent activities (e.g. the use of the proceeds of crime in wagering activities) or the failure by the Company to comply with its obligations under the AML/CTF Act may result in civil or criminal liability for the Company.

(q) Growth and strategic risks

The Company's growth strategy includes increasing and expediting its investment in its wholesale business and to significantly grow its presence as a wholesale wagering software service provider in the overseas markets in which it already operates and extend its operations to new overseas markets. The Company's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulations. The Company's ability to grow and expand its wholesale and international operations may be subject to various risks, including but not limited to the need to invest significant resources and management attention to the Company's proposed expansion and the possibility that the desired level of return on its international business will not be achieved. Failure to successfully grow and expand the Company's wholesale and international businesses may result in a failure to achieve the revenue growth that underpins the future financial performance of the Company.

The growth strategy of the Company also involves the pursuit of both organic growth and growth by acquisitions. In relation to the latter, there is a risk that acquisitions will encounter unforeseen integration issues. Further to this, the Company intends to exploit perceived synergies from integrating an acquired business into the broader corporate group. There is a risk that such synergies do not eventuate or are less pronounced than first envisioned. In either case, the Company's growth prospects may be negatively impacted. In addition, in relation to the acquisitive growth that the Company is seeking, there is a risk that the Company is either unable to find potential and suitable acquisition targets, is unable to agree to terms of sale with any acquisition targets, or agrees to terms that are less favourable than it initially anticipated. All of these risks may negatively affect the Company's growth prospects. The Company's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as to identify and make suitable acquisitions that will grow revenue and profit. There is a risk that the Company may not be able to successfully integrate the acquisition target into the combined business or extract other operating efficiencies from the integration of the functions of each business.

There is a risk that the Company will be unable to achieve sufficient scale in the commercialisation of its products and services, which could potentially result in reduced or negative growth or unprofitability.

RISKS

(r) Litigation

In the ordinary course of business, the Company is subject to the risk of litigation and other disputes with its employees, clients, suppliers and other third parties. Irrespective of the outcome of such disputes, litigation proceedings or other disputes may adversely affect the Company's financial or operational performance and/or the Share price and may affect security holders' investments in the Company.

(s) Ability to attract and retain key personnel

The responsibility for overseeing the day to day operations and the strategic management of the Company rests primarily with the Board and executive management of the Company. The loss of key personnel may have a negative impact on the Company's business and financial position. The loss of key personnel to a competitor may amplify this impact.

(t) Limited trading history of wholesale business

The Company's wholesale business is essentially a start-up business with limited trading history. Since developing its wholesale products, the Company's activities have principally involved raising and spending money to continue to develop its wholesale products and services (e.g. R&D, wages and legal fees associated with licensing and regulatory issues). Like many start-up businesses, the Company has incurred losses in relation to the wholesale products since their launch.

Given the limited trading history of the wholesale products and that the Company's wholesale business is largely unproven, it is difficult to make an evaluation of the Company's business or its prospects.

General Risks

(a) Operation in a highly regulated environment

The activities of the Company are conducted in a highly regulated industry. The gambling activities that the Company conducts and the level of competition that it experiences, depend to a significant extent on the licences granted to the Company and government policy and the manner in which the relevant governments exercise their powers in relation to the Company and the gaming industry in general.

Changes in legislation, regulation or government policy may have an adverse impact on the Company's operational and financial performance. Uncertainty and conflict between the laws of different jurisdictions that apply to the Company may also have an adverse effect on the operation of the Company. Court decisions concerning the interpretation of legislation, regulations or government policy may also have an adverse effect on the operational and financial performance of the Company.

RISKS

Potential changes, which could affect the value of the licences granted to the Company, and potentially the Company's operating and financial performance, include changes in federal, state and territory wagering, gaming or other gambling tax rates and levies; changes or decisions concerning race and sports product fees and the terms and conditions that apply under racing approvals and sporting agreements; changes in advertising rules; changes in the distribution of gambling products, including through particular channels; variations to arrangements with racing and sporting industry organisations in various states; the introduction of additional legislation to control money laundering; the introduction of further legislation to encourage responsible gambling and changes or decisions by government concerning wagering, or other forms of gambling.

Any cancellation, suspension, termination or non-renewal of any of the licences and permits held currently by the Company, would potentially result in the Company not generating the revenue it currently generates from its licences, which would be likely to impact adversely on the Company's financial performance.

Changes to the regulatory environment in any of the jurisdictions in which the Company operates, including an increase in race fields or sports product fees, may have an adverse effect on the operational and financial performance of the Company.

(b) General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(c) Equity market conditions

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of the New Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of the New Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

RISKS

Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Booklet. Therefore, the securities to be issued pursuant to this Booklet carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Booklet.

FOR FURTHER INFORMATION

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