

31 July 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2018

Highlights

- **Sale of retail assets in \$6M deal including ongoing revenues – initial \$3M received.**
- **Proposed acquisition of two established, profitable businesses - DynamicOdds and Global Betting Services - to strengthen the TBH technology stack.**
- **Shareholders approve company name change to The BetMakers Holdings Limited.**
- **Entitlements Offer announced, which is looking to raise \$6.7M.**
- **Global Tote update.**

The Board of The BetMakers Holdings Limited (ASX:TBH) (“BetMakers”, “TBH” or the “Company”) is pleased to provide the following overview on the activities for the quarter ending 30 June 2018.

CEO of The BetMakers Todd Buckingham commented: *“This quarter has been significant for The BetMakers in its goal of becoming the wholesale wagering operator of choice for the gambling market. With the completion of the sale of the TopBetta and Mad Bookie brands we are now in a position to transition towards this goal.”*

“Following the sale of the retail assets, the Company announced that it is acquiring two well-established and profitable companies, DynamicOdds Pty Ltd (“DO” or “DynamicOdds”) and Global Betting Services Pty Ltd (“GBS”). Each of DO and GBS has produced essential tools required to manage a digital wagering book and both already have a number of Australian bookmakers in place as customers.”

“In order to finalise these acquisitions, we announced that we are inviting shareholders to participate in an accelerated non-renounceable pro-rata entitlements offer to raise up to \$6.7M. These two acquisitions will assist the Company to accelerate its execution of the wholesale strategy.”

“This is an extremely exciting time for TBH and we are looking forward to updating the market on the next steps for Global Tote, and additional on-boarding of clients on both the DO and GBS offerings in the coming months.”

Sale of retail assets

During the quarter, the Company made a change to the focus of its business, most significantly, transitioning away from the B2C business model to concentrate on its B2B offerings. On 18 April 2018, the Company announced that it had signed a binding heads of agreement to sell 100% of the shares in TopBetta Pty Ltd (“TopBetta”), and the associated retail assets (‘TopBetta’ and ‘Mad Bookie’), for \$6M (plus GST) to PlayUp Limited (“PlayUp”).

The Company announced on 2 July 2018, that it had completed the sale of TopBetta to PlayUp and received a non-refundable payment of \$3M. The remaining \$3M is due on or before 30 September 2018.

Additional information on the sale of the retail assets can be reviewed in the Company announcement dated 2 July 2018 – ‘TBH COMPLETES THE SALE OF THE RETAIL ASSETS’.

DynamicOdds and Global Betting Services Proposed Acquisition

On 14 June 2018, the Company announced that it had entered into a conditional, binding heads of agreement to acquire 100% of the shares in data and betting tools provider DynamicOdds and its associated licensing brands. DO 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 Australian licensed bookmakers and sophisticated punters.

Additional information on the acquisition can be reviewed in the Company announcement dated 14 June 2018 – *'TBH EXPANDS WHOLESALE OFFERING BY ACQUIRING 100% OF WORLD-CLASS DATA FEED COMPANY'*.

In after balance date events (18 July 2018), the Company announced that its subsidiary, BetMakers DNA Pty Ltd, had entered into a conditional share sale agreement to acquire 100% of the shares in the parent company of GBS.

GBS is a leading wagering service provider which delivers data to some of the world's most respected corporate bookmakers including William Hill, SportsBet, Kindred (Unibet), Ladbrokes, Bet365[, Crownbet, Neds, and Pointsbet,] along with other leading operators in Australia and the UK.

Additional information on the acquisition can be reviewed in the Company announcement dated 18 July 2018 – *'TBH TO ACQUIRE 100% OF SHARES IN LEADING GLOBAL WAGERING SERVICE PROVIDER, GLOBAL BETTING SERVICES'*.

Both DO and GBS provide complementary products to the TBH technology stack, which are key components for bookmakers to run their businesses. The Company is looking to complete these two acquisitions in the current quarter ending 30 September 2018 ("**September Quarter**"), subject to the satisfaction (or waiver) of the relevant conditions precedent.

The current client base of GBS and DO includes numerous Australian and International operators which are using a variety of products currently. Management has commenced discussions with existing operators to upgrade to more comprehensive packages to include more products that have been developed by BetMakers, Dynamic, GBS and other third-party suppliers.

The Company notes that it is also in discussions with various racing bodies to build on integrity solutions to assist in the distribution of official data and monitoring of betting patterns. BetMakers has already commenced development of race day control solutions that it believes will enhance the integrity of racing and provide wagering operators with the most up to date data solution available.

Corporate

With the completion of the sale of TopBetta, TBH is now well positioned to accelerate the execution of its wholesale business strategy.

The Company is expecting to reduce its cost base as a result of exiting the direct retail business. The operating costs of the core business are expected to be less than 50% of its previous cost base excluding COGS.

While the Company has expected outflows from operating activities (excluding one-off restructuring costs associated with the sale of assets) in the September Quarter of \$2.82 million, it expects to have cash receipts from operating activities of \$1.51 million

On 25 June 2018, the Company announced that the change of Company name to The BetMakers Holdings Limited approved by shareholders at the General Meeting of the Company took effect on the ASX.

Entitlements Offer

In after balance date events, the Company announced that it was offering shareholders an opportunity to participate in an accelerated non-renounceable pro-rata entitlement offer ("Offer"). The Offer is looking to raise up to \$6.7M in a 1 for 2 offer at an issue price of \$0.08 per share.

For any shortfall, the Company will allow any shareholder that has taken up their full entitlement to subscribe for further shares and, if subsequently there are still remaining shares available under the shortfall, the Company intends to place these shares with external investors (non-shareholders) within three months of the closing date of the Offer.

Further details of the Offer can be viewed in the Company's recent ASX announcements.

Global Tote update

The Company would like to note to shareholders that it has completed integration of the Global Tote into the GBS system to allow GBS clients to access to the Global Tote data and, therefore, only require minor integration moving forward for GBS customers. Currently, GBS has five International clients and is in discussions with numerous other operators who will all have access to the Global Tote if they choose to utilise it.

In the previous months, the Global Tote offerings have been wound back, waiting for operators to either complete integration or receive the necessary regulatory approvals. The Company now expects to onboard customers regularly and, in preparation for the expansion of the Global Tote customers, the Company will be expanding its offering throughout August. The Company expects to build up to a full suite offering by 1 September 2018 and operate on more than 1,000 races each month.

The Global Tote Limited is licensed in Alderney UK. It is licensed to operate in the UK markets along with the US market, where it is licensed to operate across 35 states, and, therefore, intends to pursue these markets aggressively.

Global Tote clients based in Australia, and which are not licensed in Northern Territory, can continue to utilise the Global Tote pools and the Company will be looking to expand further in these locations.

Current approved operators in Northern Territory have continued to use the Global Tote to create products and manage risk.

Two other domestic wagering operators have been awaiting approvals from the NTRC in relation to using the Global Tote, however, at this stage, approvals have not been forthcoming. The Company will continue to work with these operators and the NTRC to understand what is required to enable these operators to use the Global Tote. The Company understands that further new agreements are being submitted to the NTRC by wagering operator(s) for approval.

For further information on the Company, please contact:

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Disclaimer

This announcement 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:

- (a) 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
- (b) 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 announcement 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; weather and climate conditions; technology and infrastructure; conduct of contracted counterparties; 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 any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statement 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 announcement 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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

TopBetta Holdings Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,512	18,831
1.2 Payments for		
(a) research and development	(288)	(1,629)
(b) product manufacturing and operating costs	(2,315)	(15,272)
(c) advertising and marketing	(649)	(5,387)
(d) leased assets	(47)	(147)
(e) staff costs	(1,002)	(3,357)
(f) administration and corporate costs	(779)	(4,763)
1.3 Dividends received (see note 3)		
1.4 Interest received	43	97
1.5 Interest and other costs of finance paid	(1)	(8)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	766
1.8 Other (expenses for licences, other legal costs and Global Tote development)	(50)	(552)
1.9 Net cash from / (used in) operating activities	(2,576)	(11,421)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(64)
	(b) businesses (see item 10)	(100)	(150)
	(c) investments	-	-
	(d) intellectual property	-	(500)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	800	800
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	691	86

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	10,057
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(1)	(546)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	5	5
3.10	Net cash from / (used in) financing activities	4	9,516

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,328	3,266
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,576)	(11,421)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	691	86
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4	9,516
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,447	1,447

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,347	1,026
5.2	Call deposits	100	2,102
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee for NT licence)	-	200
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,447	3,328

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	88
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Excludes payment to CEO for employee services as CEO of \$50K. CEO holds unpaid position as director.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(148)
9.2 Product manufacturing and operating costs	(1,196)
9.3 Advertising and marketing	-
9.4 Leased assets	(40)
9.5 Staff costs	(453)
9.6 Administration and corporate costs	(985)
9.7 Other Costs - Restructuring	(475)
9.8 Mad Bookie Earn Out	(905)
9.8 Total estimated cash outflows	(4,202)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		TopBetta Pty Ltd
10.2 Place of incorporation or registration		NSW
10.3 Consideration for acquisition or disposal		\$6,000,000
10.4 Total net assets		\$1,189,138
10.5 Nature of business		Retail Bookmaker

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2018
(Director/Company secretary)

Print name: Charly Duffy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.