

ASX RELEASE
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EBET ANNOUNCES THAT IT IS IN NEGOTIATIONS REGARDING A \$4.8 MILLION STRATEGICALLY SIGNIFICANT AND ACCRETIVE PROPOSED ACQUISITION OF FLEXI-NET

- eBet is in final stages of negotiations regarding an acquisition.
- eBET proposes to acquire Flexi-NET gaming systems business for \$4.8 million plus stock (inventory) at value (under \$600k)
- The proposed acquisition is strategically significant and, if completed, would add considerable scale to eBET's Gaming Systems business
- On a combined basis, if completed the acquisition would see FY14e¹ pro forma increases of:
 - \$3.1 million in recurring revenue, to \$25.1 million, up 14%
 - \$1.4 million in EBITDA², to \$9.4 million, up 17%
- If completed, the proposed acquisition would also:
 - deliver strong cross-selling opportunities
 - significant EPS accretion of at least 21% on a pro forma FY14e¹ basis
- eBet has completed a share placement of \$8.3 million to primarily fund the proposed acquisition
- Should negotiations be finalised, completion expected on 23rd July, 2014

eBET Limited (ASX: EBT) (eBET) today announced it is in final negotiations regarding the terms of an agreement to effectively acquire 100 per cent of the Flexi-NET gaming systems business (Flexi-NET) from Independent Gaming Pty Ltd. The proposed terms are for a total consideration of \$4.8 million plus stock (inventory) at value (under \$600k) which is to be paid in cash, payable by installments, and funded via a share placement.

Flexi-NET is a leading gaming systems business that provides the Flexi-NET system, a cost-effective Ticket in Ticket out (TITO) alternative. The Flexi-NET system is compatible with all gaming machines in New South Wales.

If completed, the proposed transaction would provide strong strategic and financial benefits, reinforcing eBET's leading position in the Australian gaming systems market, extending its network from approximately 54,000 electronic gaming machines (EGMs) to 62,100 EGMs. It

¹ FY14e unaudited management accounts

² Pre transaction and integration costs

would provide eBET with the ability to offer its market leading gaming technologies to this new and expanded customer base. These technologies include eBET's latest gaming systems technology, Metropolis™, and its business intelligence and analytics technology, Astute BI™.

Mr. Tony Toohey, eBET's CEO and Managing Director, said, "This proposed acquisition is strategically significant and would add considerable scale to eBET's strong position in gaming systems, and provide eBET with exciting growth prospects. Importantly, the proposed acquisition would be significantly earnings per share accretive in year one. "

The Flexi-NET system is provided to 84 venues in New South Wales that operate a network of over 8,100 electronic gaming machines (EGMs). Flexi-NET generates \$4.2 million in annual revenues, of which 70% are recurring.

On a combined pro forma basis, if completed the proposed acquisition would add \$3.1 million to FY14e¹ recurring revenues, a rise of 14%, to \$25.1 million. Importantly, pro forma EBITDA would increase by \$1.4 million, up 17 per cent, to \$9.4 million.

The proposed acquisition is projected to drive minimum 21% earnings per share accretion before transaction and integration costs, on a pro forma FY14e¹ basis.

Mr Tony Toohey commented, "If completed, the combination of Flexi-NET and eBET would bring together a synergistic combination. Both businesses have a deep knowledge of a common customer base and, importantly, there is strong cultural alignment and a shared focus on providing excellence in customer service."

The proposed acquisition cost represents 3.1 times the implied EV/adjusted EBITDA³ multiple for the 12 months ended 30 June 2013.

eBet expects to finalise negotiations on the proposed acquisition during the course of today and will update the market on the status of the acquisition as soon as possible.

SHARE PLACEMENT TO FUND ACQUISITION

To fund the proposed acquisition, eBET has successfully completed a placement of 2,297,075 new shares, issued to professional and sophisticated investors through Blue Ocean Equities Limited ("Share Placement").

The Share Placement was heavily over-subscribed, raising \$8.3 million, at an issue price of \$3.65 per share.

Shares issued under the Share Placement will rank equally in all respects with the existing Ordinary Shares of the Company, and are expected to commence trading on the ASX on Monday 21 July, 2014.

Mr. Toohey commented, "We are very pleased with the strong demand for the placement shown by investors, demonstrating support for eBET's growth strategy".

"If completed the proposed acquisition of Flexi-NET would further enhance our strong presence nationally and follows our recent entry into the Victorian gaming market, our recent acquisition in the business analytics sector, and the 2011 acquisition of Odyssey Gaming in Queensland".

The proposed acquisition is subject to final negotiations is expected to complete on 23rd July, 2014.

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About eBET

eBET Limited is a leading-edge gaming solutions company that is listed on the Australian Securities Exchange (ASX: EBT) and has its headquarters in Sydney, Australia. The eBET Group of companies provide integrated gaming solutions, including gaming management systems, Licensed Monitoring Operator (LMO) services and business intelligence tools and expertise. eBET's commitment to excellence, continual innovation and superior client service mean the company is expanding its presence in a growing number of markets. The company currently has international operations and commercial agreements extending to over 800 customers, operating 54,000 gaming machines in Australia, New Zealand and across Asia.

For more information on the eBET Group, please visit www.ebetgroup.com