

28 April 2017

QUARTERLY UPDATE

HIGHLIGHTS

- Strong quarterly YoY growth of active users of 67%
- Strong quarterly YoY wagering and tournament turnover and revenue growth
- Further growth projections over the next quarter

The Board of TopBetta Holdings Limited (ASX: TBH) (“TopBetta” or the “Company”) is pleased to provide the following update on the Company’s activities for the quarter ended 31 March 2017.

The Company has transitioned into two core business units of focus which are Retail Wagering and Wholesale wagering, whilst reducing reliance on its Content business unit.

Active Users and Revenue

The Company recorded 7,106 Active Users for the March quarter compared to 4,247 from the corresponding quarter last year.

Pleasingly, unique wagering clients increased marginally in the March 2017 quarter (to 5,546) compared to the December 2016 quarter (5,493), despite the seasonal influences which typically affect the wagering industry during the March quarter. The slight reduction in total Active Users from the December 2016 quarter was a result of the Company shifting focus away from the 12Follow Content business, (thus the Impairment of Goodwill against this business unit in the half yearly accounts for 31 December 2016) and a reduction of 21.5% in advertising and marketing spending against that spending during the previous quarter.

	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	% Change	
						Mar17 vs Dec16 Qtr	Mar17 vs Mar16 YoY
Total quarterly active unique clients	4,247	5,945	5,430	8,730	7,106	↓ -19%	↑ 67%
Wagering and tournament turnover ('000)	\$7,485	\$11,173	\$12,050	\$14,634	\$13,249	↓ -9%	↑ 77%
Wagering and tournament revenue ('000)	\$487	\$916	\$903	\$1,020	\$885	↓ -13%	↑ 82%
Total revenue including Wagering, Tournament, Content and Other ('000)	\$830	\$1,432	\$1,297	\$1,377	\$1,208	↓ -12%	↑ 46%

Moving forward

The Retail Wagering business unit comprises the TopBetta brand and, once acquired, the Mad Bookie brand (refer to the Announcement dated 13 April 2017) and focuses on wagering and tournament products offered directly to betting and tournament betting clients.

The Wholesale business unit will offer Global Tote odds services and wholesale tote offerings and be the exclusive global wholesale distributor of the MWS wagering platform.

Retail Wagering expecting strong growth in current quarter

The acquisition of the Mad Bookie brand and client base will enable the Retail Wagering business unit of TopBetta Holdings to accelerate quickly in the current quarter. Subject to the Mad Bookie acquisition completing, management expects the turnover for the Retail Wagering business unit to exceed \$20M for the current quarter.

The estimated cash outflows for next quarter included in the Appendix 4C includes the expected associated COGS relating to the increase in turnover and revenues derived from the Retail Wagering business unit (including the Mad Bookie business).

The Global Tote

On 12 April 2017, the Company announced that the Northern Territory Racing Commission had approved a revised agreement between TopBetta Pty Ltd and the Global Tote Ltd. The approved agreement allows TopBetta Pty Ltd to offer the Global Tote Odds Service to its clients and utilise the Global Tote IP and logos.

The Global Tote is expected to go live during May.

For further information, 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

TopBeta Holdings Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,180	3,753
1.2 Payments for		
(a) research and development	(447)	(1,344)
(b) product manufacturing and operating costs	(414)	(1,513)
(c) advertising and marketing	(701)	(2,413)
(d) leased assets	(36)	(110)
(e) staff costs	(516)	(1,523)
(f) administration and corporate costs	(764)	(2,136)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	25
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	561	561
1.8 Other (expenses for licences and Global Tote launch)	(235)	(759)
1.9 Net cash from / (used in) operating activities	(1,368)	(5,459)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(230)	(253)
(b) businesses (see item 10)	-	(50)
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(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	(230)	(303)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	5,602
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	(3)	(134)
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)		
3.10 Net cash from / (used in) financing activities	(3)	5,468

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	3,743	2,436
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,368)	(5,459)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(230)	(303)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3)	5,468
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	2,142	2,142

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	1,942	3,543
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (Bank Guarantee for NT licence)	200	200
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,142	3,743

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	114
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	(444)
9.2 Product manufacturing and operating costs	(1,096)
9.3 Advertising and marketing	(430)
9.4 Leased assets	(45)
9.5 Staff costs	(668)
9.6 Administration and corporate costs	(437)
9.7 Costs for UK Licence - Global Tote and TopBetta	(38)
Acquisition of MadBookie Initial Instalment	(100)
Modern Wagering Systems and Datacast IP and distribution agreement	(200)
9.8 Total estimated cash outflows	3,458

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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: 
(Director/Company secretary)

Date: 28 April 2017

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.