

30 January 2019

**Quarterly Activities Report
for the period ending 31 December 2018**

Highlights

- **Sale of retail assets to PlayUp Australia Pty Limited completed with all funds received**
- **Performance of DynamicOdds and Global Betting Services exceeding management's expectations**
- **Key agreements signed with wagering operators William Hill, Bet365, UniBet global and others**
- **NTRC confirmed that agreement between neds.com.au & The Global Tote can proceed**
- **Enhanced capabilities with appointment of two senior management personnel**
- **Management reaffirms guidance for profitability during March 2019 Quarter**

The Board of The BetMakers Holdings Limited (the "BetMakers" or the "Company") is pleased to provide the following overview on the quarterly activities for the period ending 31st December 2018 in respect of the Company and its subsidiaries ("Company Group").

Update on the sale of retail assets to PlayUp Australia Pty Limited ("PlayUp")

The Company can confirm it has completed the transaction with PlayUp, with total receipts of \$6M, for the sale of TopBetta Pty Ltd, which includes the retail brands TopBetta and Mad Bookie.

DynamicOdds Pty Ltd ("DO") and Global Betting Services Pty Ltd ("GBS") acquisition update

The December quarter was the first full quarter with both DO and GBS under the BetMakers' control.

Management is pleased to report strong growth across the quarter and into the start of 2019, and both companies are performing above management's expectations in terms of revenue growth and management performance.

The BetMakers' CEO, Todd Buckingham, commented: "The business is in a strong position now after completing the preliminary payments to both DO and GBS. We are now focused on the business at hand and leveraging the strong base we have created."

"All the major operators in Australia are now clients of The Betmakers; and we are now working closely with each of them to provide complementary products that assist the operator to drive revenues, reduce costs and improve their user experience."

In after balance date events, on the 29th of January 2019 the Company paid a second instalment of \$2.1M for the acquisition of GBS. The payment of \$2.5M due by January 31st has been renegotiated between the parties and \$400k was moved into the final payment date of June 30th 2019, leaving a final payment of \$3.9M.



Accordingly, a final payment on June 30th 2019 of \$8.4M is required to complete both acquisitions of DO and GBS.

The Board expects the business to be self-sufficient in terms of operating cash-flows in the March Quarter. The Board is now exploring a range of funding options to complete the final payment of \$8.4M for the Acquisitions.

Successfully signed global wagering operators

Throughout the quarter, the Company Group signed deals with some of the world's largest wagering operators including:

- William Hill Global – to provide a global racing solution as well as Tote access for William Hill UK, both retail and online and its B2B customers throughout the UK and US.
- BetEasy– to upgrade and extended its current agreement with wholly-owned subsidiary, GBS.
- Unibet Global – which is a brand of one of the largest global operators, Kindred Group PLC, to provide global racing solution as well as Tote access.
- Other major operators that have extended or signed agreements with the Company Group include: Bet365, Sportsbet, Pointsbet, Form Cruncher, Neds and Ladbrokes Australia.

While the terms of the individual agreements are confidential and commercially sensitive in nature, the deals, in aggregate, have provided a material economic impact on the Company.

No further approval from NTRC required for the use of The Global Tote

During the quarter the Company announced that the Northern Territory Racing Commission (“NTRC”) advised that neds.com.au (a Northern Territory licensed operator) is able to utilise The Global Tote (a wholly owned subsidiary of BetMakers).

neds.com.au, along with other operators, are expected to start utilising The Global Tote in the coming months.

Corporate appointments

During the quarter, the Company appointed two new senior management positions: Mr Anthony Pullin as Chief Financial Officer and Mr. Jake Henson who was promoted within the Company to Chief Operating Officer.

Mr Henson is well respected in the industry and is proving to be a highly effective leader within the organisation and throughout the Company's customer base.

Mr Pullin brings a great deal of experience through financial controls and account analysis and management.

The two key appointments put the Company in a strong position to effect its strategy, with all senior management positions filled with regards to the immediate needs of the organisation.

Financial Update

With the expansion of its client base during the quarter, the Company now has annualised 'recurring' revenues of more than \$5M.



The Board reaffirms guidance that it expects to be profitable and cash flow positive during the March 2019 quarter.

Quarterly Appendix 4C shows inflows through operational activities of \$2.9M and sale of assets of \$2.0M for total estimated receipts of \$4.9M against estimated outflows of \$4.4M, which includes \$2.1M for asset purchases.

All figures shown in this Announcement are provided on an unaudited basis.

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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.

+Rule 4.7B

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

The BetMakers Holdings Limited

ABN

21 164 521 395

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,793	2,600
1.2 Payments for		
(a) research and development	(441)	(588)
(b) product manufacturing and operating costs	(551)	(1,918)
(c) advertising and marketing	8	5
(d) leased assets	(11)	(45)
(e) staff costs	(623)	(1,453)
(f) administration and corporate costs	(914)	(1,761)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid	(2)	(3)
1.6 Income taxes paid	18	18
1.7 Government grants and tax incentives	774	776
1.8 Other (expenses for licences, other legal costs and Global Tote development)	(79)	(200)
1.9 Net cash from / (used in) operating activities	(25)	(2,561)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	(1,183)	(4,567)
(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)	766	1,197
(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	(417)	(3,370)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,472
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	(17)	(194)
3.5 Proceeds from borrowings	500	500
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	483	4,778

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	252	1,447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(25)	(2,561)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(417)	(3,370)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	483	4,778
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	293	293

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	193	152
5.2	Call deposits	100	100
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee for NT licence)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	293	252

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	40
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
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. 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	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
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	500	500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

Lender: Chris Begg, director of C.D.K. Software Limited

Interest Rate: 12% per annum

Term: Repayable on June 30th, 2019

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(298)
9.2 Product manufacturing and operating costs	(455)
9.3 Advertising and marketing	-
9.4 Leased assets	(32)
9.5 Staff costs	(666)
9.6 Administration and corporate costs	(892)
9.7 Global Betting Services Instalment	(2,100)
9.8 Total estimated cash outflows	(4,443)

Next quarter estimated receipts from customers is \$2,937,000.

In addition, as per prior ASX announcements, TBH expects to receive \$2,000,000 in deferred acquisition funds from PlayUp.

Therefore total next quarter estimated receipts is \$4,937,000.

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
10.6	Name of entity	DynamicOdds	
10.7	Place of incorporation or registration	Australia	
10.8	Consideration for acquisition or disposal	\$10,000,000 ¹	
10.9	Total net assets	\$105,123	
10.10	Nature of business	Provider of wagering data	
10.11	Name of entity	Global Betting Services	
10.12	Place of incorporation or registration	Australia	
10.13	Consideration for acquisition or disposal	\$10,000,000 ¹	
10.14	Total net assets	\$201,967	
10.15	Nature of business	Provider of wagering data	

¹ : Consideration amounts are subject to operational performance and contingent earn-out payments. Please refer to ASX announcement "Terms of GBS and DO Acquisition restructured in BetMakers favour" for further detail.

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: 30 January 2019

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.