

30 April 2019

## **BetMakers is profitable and announces funding solution for key acquisitions**

### **Highlights**

- **BetMakers transitioned to profitability\* in Q3**
- **\$1.68million strategic Investment by international wagering and gaming industry investment firm**
- **The Company has secured a \$4million funding solution in respect of the acquisitions of DynamicOdds Pty Ltd, C.D.K Software Limited and Global Betting Services Pty Ltd**
- **\$3million Entitlement Offer to be conducted**

The Board of The BetMakers Holdings Limited ("**BetMakers**" or the "**Company**") is pleased to provide an overview on the Company's activities for the period ending 31 March 2019.

### **Quarterly 4C key points and Update**

The Company is pleased to announce it has reached profitability\* during the March quarter and was positive with regards to operational cash flow for the March quarter.

The Company also notes it has made further cost reductions through synergies across the group including staff, administration and product manufacturing as well as corporate costs and overheads.

The Appendix 4C is attached.

### **Funding**

The Company announced today that it has secured a firm commitment for a strategic investment from Las Vegas-based international wagering and gaming industry investment firm, Tekkorp Capital LLC ("**Tekkorp Capital**")

Tekkorp Capital has provided a firm commitment to invest approximately \$1.68m in the Company at \$0.03 per fully paid ordinary shares, totaling 55,991,335 shares ("**Placement Shares**"), which represents 19.99% of the Company's total share capital ("**Placement**"). President and CEO of Tekkorp Capital, Mr Matt Davey, is an international wagering and gaming industry leader with over 20 years industry experience who recently sold NYX Gaming to Scientific Games for more than AUD\$800million. The Placement is expected to be completed within 5 business days, which will be prior to the record date for the Entitlement Offer (discussed below). The Placement Shares will be issued without disclosure under the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

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\* Based on unaudited figures.

### **\$3million non-renounceable pro-rata Entitlement Offer**

The Company is pleased to announce that it intends to conduct a non-renounceable pro-rata entitlement offer. Eligible shareholders will be entitled to one (1) new fully paid ordinary share ("**New Shares**") for every 2.8 existing shares held in the Company at the record date, at the offer price of 3 cents (\$0.03) per New Share to raise approximately \$3million (before costs of the offer) ("**Entitlement Offer**").

The Company expects to lodge a transaction-specific prospectus pursuant to which eligible shareholders will be invited to participate in the Entitlement Offer within 14 days. Accordingly, further details of the Entitlement Offer will be announced by the Company in due course.

The funds raised from the Entitlement Offer and the Placement will be used to pay outstanding amounts due to GBS, DO and CDK, repayment of debts and ongoing working capital.

### **Update to acquisitions of DynamicOdds Pty Ltd ("DO"), C.D.K Software Limited ("CDK") and Global Betting Services Pty Ltd ("GBS")**

As announced by the Company on 29 August 2018 and 30 January 2019, the Company is required to pay an outstanding total of \$8.4million in respect of the acquisitions of DO, CDK and GBS by 30 June 2019 as follows:

- an outstanding total of \$3.9million in respect of the acquisition of GBS ("**GBS Deferred Payment**"); and
  - an outstanding total of \$4.5million in respect of the acquisition of CDK ("**CDK Deferred Payment**"),
- (together, the "**Outstanding Payments**").

The Company advises that it has renegotiated the terms of the Outstanding Payments as follows:

- \$2million of the GBS Deferred Payment will be deferred until 30 June 2024;
- \$2million of the CDK Deferred Payment will be deferred until 30 June 2024;
- the Company will pay interest on each of the above amounts at a rate of 10% per annum to be paid monthly;
- subject to the Company obtaining shareholder approval, 33,333,333 fully paid ordinary shares in the Company will be issued to the vendor of CDK in lieu of \$1million of the CDK Deferred Payment (representing a deemed share price of \$0.03 per share);
- \$1.9million will remain payable by 30 June 2019 by the Company in respect of the acquisition of GBS (which the Company expects to fund via the Placement and Entitlement offer); and
- \$1.5million will remain payable by 30 June 2019 by the Company in respect of the acquisition of CDK and DO (which the Company expects to fund via the Placement and Entitlement offer).



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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:

- 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.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations 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; 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 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 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.

+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 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,371	4,913
1.2 Payments for		
(a) research and development	(294)	(882)
(b) product manufacturing and operating costs	(470)	(2,407)
(c) advertising and marketing	3	9
(d) leased assets	(31)	(99)
(e) staff costs	(613)	(2,026)
(f) administration and corporate costs	(637)	(2,581)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid	(14)	(21)
1.6 Income taxes paid	(24)	(47)
1.7 Government grants and tax incentives	-	776
1.8 Other (expenses for licences, other legal costs and Global Tote development)	(116)	(310)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>176</b>	<b>(2,666)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(15)	(14)
	(b) businesses (see item 10)	(2,100)	(6,506)
	(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)	2,000	3,331
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(115)</b>	<b>(3,189)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(15)	(224)
3.5	Proceeds from borrowings	-	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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(15)</b>	<b>4,748</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	293	1,447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	176	(2,665)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(115)	(3,189)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15)	4,748
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>339</b>	<b>339</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	339	193
5.2	Call deposits	-	100
5.3	Bank overdrafts	-	-
5.4	Other (Bank Guarantee for NT licence)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>339</b>	<b>293</b>

**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	34
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.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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 30 <sup>th</sup> , 2019		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(298)
9.2 Product manufacturing and operating costs	(326)
9.3 Advertising and marketing	-
9.4 Leased assets	(32)
9.5 Staff costs	(477)
9.6 Administration and corporate costs	(580)
9.7 Restructuring Costs	(113)
9.8 Final Instalment for DynamicOdds & Global Betting Services	(8,400)
9.9 Repayment of Borrowings	(500)
<b>9.8 Total estimated cash outflows</b>	<b>(10,726)</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 <sup>1</sup>	
10.9	Total net assets	-\$7,423	
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 <sup>1</sup>	
10.14	Total net assets	\$135,196	
10.15	Nature of business	Provider of wagering data	

<sup>1</sup> : 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 April 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.