

13 April 2017

TOPBETTA ACQUIRES ASSETS OF ONLINE BOOKMAKER, MAD BOOKIE

The Board of TopBetta Holdings Limited (ASX: TBH) (the “Company”) is pleased to announce that its subsidiary, TopBetta Pty Ltd (“TopBetta”) has entered into an agreement to acquire the assets of Melbourne-based racing and sports wagering company, Mad Bookie Pty Ltd (“Mad Bookie”).

Highlights:

- **TopBetta acquires database of 15,000+ as part of Mad Bookie acquisition**
- **Mad Bookie has been established for 2 years with annualised turnover of ~\$80M**
- **Completion remains subject to regulatory approval by NTRC and Racing Bodies**

TopBetta has entered into a binding, conditional agreement (“Agreement”) to acquire the assets of online Australian corporate bookmaker, Mad Bookie (“Acquisition”), including its customer database, clients and IP (together “Mad Bookie Business”). Completion of the Acquisition is conditional on TopBetta receiving approval from each of Northern Territory Racing Commission (“NTRC”), Racing Victoria and Racing NSW in respect of the Acquisition and there being no material adverse change in the financial condition of the Mad Bookie Business.

After completion and for the immediate term, the Mad Bookie Business will continue to operate under its established brand but under TopBetta’s existing licence held with NTRC. The Company plans to align the synergies across the business’ while maintaining the unique brands of both TopBetta and Mad Bookie.

Mad Bookie has grown quickly over the past 2 years with unaudited annualised turnover of ~\$80M from an acquired database of punters in excess of 15,000.

The Company’s CEO, Todd Buckingham, said: *“The acquisition of Mad Bookie has the potential to quickly and substantially increase turnover for TopBetta’s retail business while adding significant revenues due to higher yields and cost savings through aligning the synergies between the businesses.*

“The deal will also defer payment of the purchase price until after the first 12 months, which will allow the TopBetta business to maintain cash flows over the initial period.

“To acquire a ready-made, active database like Mad Bookie’s under this arrangement makes a lot of sense in an industry that has high customer acquisition costs, and we will certainly be on the lookout for similar deals should they arise in the future, both here in Australia and Internationally.”

Mad Bookie founder and CEO, Brett Luntz, and key staff will remain with the Mad Bookie Business for at least the Earn Out Period, with Mr Luntz agreeing to provide consulting services to the Company at market rates throughout this period.

Brett Luntz said *“We are delighted to be joining the TopBetta group. We believe that the baseline we have set up for our loyal customer base over the past 24 months will be further enhanced through this acquisition and the synergies it delivers. We couldn’t be more excited.”*

The key terms of the Agreement include:

- upon Completion, TopBetta will pay an initial instalment of \$100,000 in cash (“Initial Instalment”) to Mad Bookie;
- the purchase price for the Mad Bookie Business is to be calculated as the greater of (“Purchase Price”):

- 24 times the average monthly net gaming revenue (less taxes and product fees) over the 12 months after completion of the Acquisition (“Earn Out Period”) less the Initial Instalment and specified expenses incurred by TopBetta in relation to the Mad Bookie Business over the Earn Out Period (“Specified Expenses”); and
- \$400,000 less Specified Expenses;
- TopBetta is to pay the Purchase Price at end of the Earn Out Period in either cash, shares in the Company (valued at a 10% discount to the 15 day VWAP) or a combination of both, to be agreed between the parties when the Purchase Price is agreed;
- If TopBetta elects not to pay the Purchase Price in full in cash, and Mad Bookie do not accept shares as payment of the Purchase Price (or part thereof), Mad Bookie may elect to purchase the Mad Bookie Business from TopBetta in consideration for a payment equal to the level of funds invested by TopBetta (specifically the Instalment and Specified Expenses), in full satisfaction of TopBetta’s obligations regarding the Purchase Price.

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Disclaimer

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- (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.