

18 April 2018

TBH TO SELL RETAIL ASSET IN \$6 MILLION DEAL PLUS ONGOING REVENUES

"TBH to sell retail asset to focus on path to profitability with wholesale business and Global Tote"

Highlights:

- TBH to sell TopBetta and Mad Bookie retail businesses to PlayUp for \$6million.
- TBH to enter into a software and services agreement with PlayUp for the provision of various risk management, technology and software services.
- TBH to retain 20% of the retail revenue from TopBetta and Mad Bookie brands as part of the software and services agreements.
- TBH may receive up to 20% of the revenue from PlayUp's current and future wagering revenues subject to software and services provided to PlayUp.
- Deal greatly reduces cost base of the TBH business and provides substantial funding for the wholesale business and The Global Tote.

The Board of TopBetta Holdings Limited (ASX: TBH) ("**TBH**" or the "**Company**") is pleased to update the market with the following announcement about its retail wagering and wholesale businesses.

Key summary:

- TBH has entered into a binding heads of agreement ("**Agreement**") to sell 100% of its shares in TopBetta Pty Ltd ("**TopBetta**") to PlayUp Limited ("**PlayUp**") in consideration for \$6million in cash (plus GST) ("**Sale**"). PlayUp has also committed to issue TBH with 800 million PlayChips if and when TBH develops and launches a cryptocurrency tote product (see further details below) ("**Crypto Tote**"). TBH notes that the Sale is not conditional on the launch of a Crypto Tote or the issue of the PlayChips.
- Pro-forma effect of the Sale means TBH would see an 18% reduction in revenue offset by a 48% reduction in cost base¹.
- TopBetta is a wholly owned subsidiary of TBH and operates TBH's retail business offering of fantasy sports and online wagering under the 'TopBetta' and 'Mad Bookie' brands ("**Retail Business**").
- Post-completion of the Sale, TBH will provide, through its subsidiaries, licenses and services in connection with TBH's software and technology products to PlayUp's wagering brands (including TopBetta and Mad Bookie) for agreed service fees.
- TBH Board believes the Sale will provide sufficient funding to execute on its wholesale business strategy over the next 12 months, focussing on its B2B products ("**Wholesale Business**").

¹ These figures are provided on an unaudited basis.

TBH CEO, Todd Buckingham, said: *“This deal is a significant step for the Company. Not only does the \$6M sale of the retail assets provide significant funding for TBH, but the ongoing services agreement and revenue share greatly reduces our cash burn while allowing us to focus on developing the existing wholesale and Global Tote business.”*

“We have developed a full suite of wholesale wagering products that we can deliver to operators around the world. Now, with the more focussed business model on delivering new and innovative products to wagering operators, we believe we will be the wholesale provider of choice for operators when they consider their wagering platforms, odds and risk management systems and customer facing software.”

“We are excited by the ongoing relationship and opportunities with PlayUp which will complement our expansion strategy.”

PlayUp’s CEO, Daniel Simic said: *“PlayUp is excited to be working with TBH and to have successfully secured the TopBetta & Mad Bookie retail businesses.”*

“We believe TBH’s innovative wholesale products have the potential to be real game changers in the global wagering industry.”

Wholesale Business

The Board expects that, post-completion of the Sale, TBH will be funded to execute on its wholesale business strategy over the next 12 months, focussing on the significant potential of, and opportunities for, TBH’s wholesale products. For the avoidance of doubt, TBH’s Wholesale Business includes continuing to develop online wagering products for distribution in the retail market by its wholesale partners, including the retail wagering platform which currently drives the TopBetta and Mad Bookie businesses.

With the completion of Sale, the Wholesale Business will be TBH’s primary focus allowing for delivery of more innovative products to complement the suite of technology it has developed, owns and operates.

TBH’s technology stack includes: odds compilation system, data management, risk management system, odds management technology, client management system, white label wagering solution, tote system, fixed odds racing product suite, and informatics solution.

Approvals

Completion of the Sale is subject to TBH receiving all requisite ASX and shareholder approvals and consents, including, without limitation, the requirements of Chapter 11 of the ASX Listing Rules and, if applicable, Chapters 1 and 2 of the ASX Listing Rules.

TBH has engaged in discussions with ASX regarding the Sale, in particular, whether ASX Listing Rule 11.1 applies to the Sale. TBH notes that the Company will remain in suspension until ASX determines whether ASX Listing Rule 11.1 applies to the Sale.

Please also see further information in respect of the Sale set out at Annexure A.

Material terms of the Agreement

The material terms of the Agreement are as follows:

Sale of TopBetta:

Consideration

- TBH has agreed to sell 100% of its shares in TopBeta to PlayUp for \$6million in cash (plus GST). PlayUp has also committed to issue TBH with 800 million PlayChips if and when TBH develops and launches a Crypto Tote. TBH notes that the Sale is not conditional on the launch of a Crypto Tote or the issue of the PlayChips.
- A \$3 million non-refundable deposit ("**Deposit**") is payable within 5 business days after TBH satisfies or waives the Shareholder Approval CP (defined below). The Deposit is only refundable where TBH does not satisfy or waive each of the Conditions Precedent (set out below) by 31 July 2018.
- The remaining \$3 million is payable on completion of the Sale.

Sale of TBH's Retail Business

- TBH will sell 100% of the shares in TopBeta. The Sale will not involve PlayUp acquiring any interest in TBH's Wholesale Business, or any assets used in connection with the Wholesale Business.
- The Sale will not involve PlayUp acquiring any interest in, or right to, any software, source code, technology or computer programs comprising the online wagering platforms used in connection with the 'TopBeta' or 'Mad Bookie' brands, including TBH's "fantasy wagering" tournament platform and TBH's online content platform (together "**TBH Software Platforms**").
- The Sale includes TopBeta's retail bookmaking licence granted by the Northern Territory Racing Commission (NTRC) in Australia, a simulcast and account deposit wagering service provider licence granted by the North Dakota Racing Commission (NDRC) in the United States and a combined remote operating licence granted by the Gambling Commission in Great Britain (UKGC). PlayUp will be required to complete due diligence process for these jurisdictions, however, the Sale is not conditional upon these processes being completed. The Sale does not include any of the licences which are required for TBH's Wholesale Business or operations in the UK and the US.

Conditions Precedent, Termination and other Terms

Completion of the Sale will be conditional upon satisfaction (or waiver) of the following conditions precedent on or before 31 July 2018:

- TBH and PlayUp agreeing to the terms of a white label agreement pursuant to which TBH will grant a license to PlayUp to use the TBH Software Platforms for the online wagering brands owned or operated by PlayUp from time to time (including the TopBeta and Madbookie brands) (together "**PlayUp Brands**");
- TBH obtaining, and complying with, all requisite requirements, approvals and consents from ASIC, ASX or other regulatory bodies;
- TBH obtaining all shareholder approvals as may be required under the Corporations Act 2001 (Cth) or the ASX Listing Rules, including, without limitation, any approvals required under Chapter 11 of the ASX Listing Rules and, if applicable, Chapters 1 and 2 of the ASX Listing Rules ("**Shareholder Approval CP**"); and
- the successful negotiation, agreement and execution of the following transaction documents:
 - a Share Sale Agreement;
 - a Services Agreement (described further below);
 - a White Label Agreement;
 - a Global Tote Access Agreement;
 - a Software Escrow Agreement; and
 - such other documents that may be necessary to give effect to the terms agreed by the parties.

TBH can elect to waive any of the above conditions precedent at its sole discretion (other than the regulatory approvals referred to above). The Agreement terminates on 1 August 2018, or upon either party being affected by an insolvency event.

Indicative Timetable

The indicative timetable for implementing the Sale is as follows:

Event	Indicative Date
Signing of the Heads of Agreement	13 April 2018
Dispatch of Notice of General Meeting of the Company's Shareholders	2 May 2018*
Date of General Meeting	1 June 2018*
Payment of \$3M deposit	On or before 6 June 2018**
Satisfaction or waiver of Conditions Precedent	On or before 31 July 2018
Completion of Sale	5 business days after the satisfaction or waiver of Conditions Precedent

* These dates are subject to change. ** This date may change depending on the date of the General Meeting.

Services Agreement:

- From Completion, TBH will provide, through its wholly owned subsidiaries, services to PlayUp relating to the technical back-end operation and risk management of the TBH Software Platforms (“**Services**”) to the extent that the PlayUp Brands use the TBH Software Platforms in accordance with the White Label Agreement.
- The Services must be provided for a fixed term of 24 months and the Services can only be terminated by either party where:
 - either party breaches an essential term of the Services Agreement and does not rectify that breach within 14 days of being given notice to do so; or
 - the other party suffers an insolvency event or makes any composition or arrangement with its creditors generally or takes advantage of any statute for relief of insolvent debtors.
- In consideration for the provision of the Services, PlayUp will pay a monthly service fee (“**Service Fee**”) (exclusive of GST) equal to 10% of total ‘Gross Wagering Revenue’ per month of the PlayUp Brands which use the Services.
- In addition to the Service Fee and in consideration for the grant of the license to use the TBH Software Platforms, PlayUp must pay a monthly license fee (exclusive of GST) equal to 10% of total ‘Gross Wagering Revenue’ per month of the PlayUp Brands which use the TBH Software Platforms.
- Gross Wagering Revenue is calculated as: Bets placed, less Bet wins, less fees and taxes including race field fees and point of consumption tax if applicable.
- In the event that PlayUp breaches an essential term of the Services Agreement and TBH terminates or PlayUp terminates the agreement without cause, then PlayUp must pay to TBH (or its nominee) a fee per month equal to 10% of the monthly Gross Wagering Revenue of all wagering brands owned or operated by PlayUp post-completion until the date on which the Services Agreement would have otherwise terminated.

PlayChips and the Crypto Tote

PlayUp intends to deliver a fully-integrated, blockchain enabled global fantasy sports, online sports betting & gaming ecosystem. Underpinning its ecosystem, is the PlayChip Utility Token (“**PlayChip**”), a crypto-currency built on the Ethereum blockchain, specifically designed for use as a universal payment and rewards system for the online gaming industry.

TBH is currently considering developing a tote platform which will accept third party cryptocurrencies, in addition to traditional currencies. The Crypto Tote is still in concept phase and TBH is still considering the viability of, regulatory issues associated with, and proposed business plan for, the Crypto Tote.

Under the Agreement, PlayUp has committed 800 million PlayChips to TBH (or its nominee) for the purpose of seeding the Crypto Tote, if it is developed and launched. If TBH decides to develop the Crypto Tote, TBH will liaise with the ASX regarding such development and the application of Chapter 11 and ASX Listing Rule 12.5 at the relevant time.

TBH notes that:

- the PlayChips will only be issued if TBH proceed with the Crypto Tote; and
- the Sale is not conditional on the development or launch of the Crypto Tote, or the issue of the PlayChips. Accordingly, the Sale will proceed regardless of whether the Crypto Tote is developed.

On the crypto currency PlayChips and the Crypto Tote, Mr Buckingham said: *“We want to stress to the market that we have not put any value on this part of the deal when assessing the value to shareholders on the Sale, other than to say that TBH believes the Crypto Tote is an interesting concept, given the current interest in crypto currencies, and the commitment of the PlayChips will support the launch of a Crypto Tote if TBH decide to pursue it.”*

About TBH

TBH is an ASX-listed holding company and a global provider of online wagering products and services to both wholesale and retail markets through its various wholly owned subsidiaries. TopBeta Pty Ltd operates a retail wagering business, offering consumers wagering, fantasy tournament and content products and services. Global Tote Australia Pty Ltd conducts TBH’s Wholesale Business, which includes operating and licensing its wholesale tote product which enables licensed wagering operators, including corporate bookmakers and tote operators from all over the world, to participate in global pools. The Wholesale Business is conducted under a B2B licence granted by the UK Gambling Commission to Global Tote Limited, a company incorporated in Alderney, UK.

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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.

Annexure A: Additional Information

The Company provides the following additional information in relation to the Sale:

- the parties to the Agreement are TBH and PlayUp. The material terms of the Agreement are set out in the announcement above;
- the likely effect of the Sale on TBH’s consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is set out at Annexure B;
- there will be no change to the issued capital of TBH as a result of the Sale and no capital restructure will be conducted in connection with the Sale;
- in the preceding 6 months, TBH has issued the following securities:

Date	Number and Class of Securities	Nature of the Issue	Consideration	Total amount raised	Underwritten? (Y/N)	Purpose for which funds were raised
26 February 2018	3,508,771 fully paid ordinary shares	Placement	\$0.285 per share	\$1,000,000	N	To generate funds to be used primarily for working capital and to strengthen the Company’s cash flow obligations
28 December 2017	250,000 fully paid ordinary shares	Upon conversion of that number of options	Exercise price of \$0.20	\$50,000	N	The shares were issued to a non-executive director upon the exercise of options

- subject to final determination by the ASX, it is currently not envisaged that TBH will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules and its securities will remain quoted on the ASX;
- no person will acquire control of, or voting power of 20% or more in, TBH as a result of the Sale;
- there are no proposed changes to TBH’s board or senior management as a result of the Sale;
- the Sale does not involve the acquisition of any business or company;
- the regulatory approvals and waivers required, and other material conditions that must be satisfied for the Sale to proceed are set out in the announcement above;
- no fees are payable to any party for finding, arranging or facilitating the Sale;
- TBH confirms that it has undertaken appropriate enquiries into the effect of the Sale on the assets and liabilities, financial position and performance, profits and losses of TBH and, accordingly, the Board of TBH is satisfied that the Sale is in the interests of TBH and its security holders;
- ASX takes no responsibility for the contents of the announcement; and
- TBH is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

Annexure B: Consolidated Balance Sheet 31-Dec-2017 Pre & Post Transaction Proforma accounts

Particulars	Prior to Transaction - Position of Company as stated in audit reviewed, half year consolidated financial statements to 31 December 2017	Effect of Transaction	Post Transaction Analysis - Pro forma	Percentage Change due to Transaction
Total Consolidated Assets	\$18,379,473	\$1,699,442	\$20,078,915	9.2%
Total Equity	\$12,696,189	\$3,446,172	\$16,142,361	27.1%
Revenue half year to 31 December 2017	\$10,118,871	(\$1,761,466)	\$8,357,405	(17.4%)
Cost of Sales half year to 31 December 2017	(\$8,416,504)	\$1,066,238	(\$7,350,266)	(12.7%)
Other Income half year to 31 December 2017	\$1,532,203	-	\$1,532,203	0.0%
Expenditure half year to 31 December 2017	(\$9,986,941)	\$4,858,104	(\$5,128,837)	(48.6%)
Profit / (Loss) (before tax and extraordinary items) for the half year to 31 December 2017	(\$6,752,371)	\$4,162,876	(\$2,589,495)	61.7%

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