



Kings Entertainment Enters into Definitive Agreement to Acquire Parent of Bet99 Sportsbook and Casino Operator

The resulting capital market listings for the Bet99 brand will accelerate expansion and build the Bet99 brand with an even broader audience

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VANCOUVER, BC, May 25, 2022 /CNW/ - Kings Entertainment Group Inc. ("**Kings Entertainment**" or the "**Company**") (CSE: JKPT) (OTC: JKPTF) and Sports Venture Holdings Inc. ("**SVH**") are pleased to announce they have entered into an arm's length business combination agreement (the "**Definitive Agreement**") dated May 24, 2022 to combine Kings Entertainment and SVH (the "**Business Combination**"). SVH is a holding company of subsidiaries that operate the Bet99 brand, one of the largest online sport and casino betting websites that accept players from Canada.

"The combination of Kings Entertainment, a company led by pioneers of the international online sports gambling industry, and SVH, the parent company of operators of the market-leading Bet99 brand, will be transformative for the Canadian sports betting sector," said Steve Budin, CEO of Kings Entertainment. "Our vision for Kings has always been to build leadership positions within each of the regulated jurisdictions that we enter, and this agreement will certainly accelerate that goal within the Canadian landscape and beyond."

"Merging with an internationally recognized online betting veteran such as Kings is a natural next step for SVH," said Jared Beber, CEO, of Sports Venture Holdings. "Bringing the Bet99 brand to the public capital markets, through Kings' CSE and OTC listings, will not only support expansion by engaging a much broader investor base, but will also build the Bet99 brand with an even wider audience of betting enthusiasts."

Current Bet99 CEO Jared Beber will take on the CEO role of the merged company, with Kings Entertainment CEO Steve Budin continuing to lead LottoKings operations and acting in an advisory role. Former CEO and Founder of international gaming giant Bragg Gaming, Adam Arviv, will step into the Executive Chair role of the combined entity. Arviv is credited with the 2021 turnaround of Bragg Gaming, where he eliminated \$50M of debt, built a strong balance sheet with \$45M in cash and zero debt, and took the stock from \$0.20 to \$3.00 (pre-consolidation).

The Business Combination is subject to terms and conditions consistent with transactions of this nature and are set forth in the Definitive Agreement, including (among other things) shareholder approval and the approval of the Canadian Securities Exchange (the "**CSE**"). If completed, the Business Combination will constitute a "Fundamental Change" of the Company, as such term is defined in CSE policies. Therefore, trading in the common shares of the Company (the "**KEG Shares**") will be halted as a result of this announcement and will remain halted until the resumption of trading is approved by the CSE.

About SVH

Sports Venture Holdings Inc. is a holding company of subsidiaries that operate the Bet99 brand. SVH's Swiss subsidiary, BQC Consulting GmbH, operates BET99.com and BET99.net. Bet99.net, a 100% pure free-play website, is marketed throughout Canada. SVH's other subsidiary, 1000007698 Ontario Inc. ("**CanCo**"), has made application for registration as an internet gaming operator with the Alcohol and Gaming Commission of Ontario. Upon approval, CanCo will operate and market BET99.ca to residents of Ontario.

BET99 has adopted a hyper localized approach to create a premiere Canadian online sportsbook and casino. Since launching in 2020, BET99 has consistently innovated to create a diverse product and service tailored specifically to the unique nuances of the Canadian market. Since inception BET99 has grown rapidly and has now handled over \$1.2 billion in bets across both Sportsbook and Casino. From CY2020 to CY2021 Bet99 grew net gaming revenue from ~\$600k to ~\$26 million and in just the first quarter ended March 31, 2022 they generated ~\$12.2 million (equating to run-rate full year net gaming revenue of \$49 million)ⁱ.

Furthermore, the brand has entered into a vast array of unique Canadian Partnerships including UFC Hall of Famer Georges-St-Pierre, NHL All-Star Auston Mathews, two time Olympian Alysha Newman, the Ottawa Senators, the CF Montreal, the Montreal Alouettes, and many more.

Business Combination

The Business Combination will be completed, subject to the terms of the Definitive Agreement, by way of three-cornered amalgamation (the "**Amalgamation**") whereby SVH and a to be incorporated wholly-owned subsidiary ("**Subco**") of Kings Entertainment will amalgamate to form one company ("**Amalco**") as a wholly-owned subsidiary of Kings Entertainment. All of the property and assets of each of Subco and SVH will become the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of each of Subco and SVH. Although Amalco will, therefrom, outright own BQC Consulting GmbH, and Canco, all of their current operations shall remain as is.

It is contemplated that immediately prior to the Amalgamation, and subject to the rules of the CSE, the then outstanding KEG Shares may be consolidated (the "**Consolidation**") on the basis of 20 post-Consolidation shares in the capital of the Company (each a "**Consolidated Share**") for every then outstanding KEG Share, or such other basis as agreed to between the KEG and SVH.

Under the terms of the Amalgamation, Kings Entertainment will issue to shareholders of SVH 31.0724 pre-Consolidation shares for each share of SVH (a "**SVH Share**") held (being 1.5536 post-Consolidation shares per SVH share assuming a 20:1 Consolidation) resulting in the issuance of approximately 518 million shares (or approximately 25.9 million post-Consolidated shares assuming a 20:1 Consolidation). The Business Combination values Kings Entertainment at \$0.21 per KEG Share which represents a 13.5% premium based on the closing price of the KEG Shares on the trading date immediately prior to this news release.

Following completion of the Business Combination, current shareholders of SVH will hold approximately ~87% of the common shares (the "**Resulting Issuer Shares**") of the combined company (the "**Resulting Issuer**") on a fully-diluted treasury method basis.

In connection with the Business Combination, the Company has agreed to make available to SVH a senior secured non-interest bearing credit facility of up to \$5 million. The outstanding balance owing under the credit facility will become immediately due and payable if the Definitive Agreement is terminated with interest thereafter accruing at 18% per annum.

It is anticipated the Company will change its name such that the Resulting Issuer will operate under the name "Interactive Entertainment Group Inc." (the "**Name Change**") or such other name as may

be agreed with intention that the Resulting Issuer Shares will be listed and posted for trading on the CSE. KEG and SVH may elect to complete a financing transaction with SVH prior to the closing of the Amalgamation.

The Definitive Agreement contains customary representations, warranties and covenants for transactions of this nature, including the holding of shareholder meetings, conduct of the business of Kings Entertainment and SVH, and non-solicitation provisions providing for break fee of \$5 million. There can be no assurance that the Business Combination will be completed as proposed, or at all. Conditions to completion of the Business Combination include, but are not limited to:

- The receipt by the applicable subsidiary of SVH of a license from the Alcohol and Gaming Commission of Ontario to be a registered internet gaming operator in the province of Ontario;
- The approval of SVH shareholders of the Amalgamation;
- The approval of Kings shareholders at a meeting of shareholders of the Business Combination as well as the Name Change and the Consolidation (to the extent required by corporate or securities law or the CSE policies) (the "**KEG Shareholder Meeting**");
- The satisfaction of all conditions (unless waived in writing by the applicable party), under the Definitive Agreement and any applicable transactional agreements, required to be completed or satisfied on or before closing of the Business Combination; and
- The receipt of all necessary regulatory and third-party consents, approvals and authorizations as may be required in respect of the Business Combination and the Amalgamation, including from the CSE.

The Business Combination has been unanimously approved by the Board of Directors of each of Kings Entertainment and SVH. Directors, officers and other significant shareholders of each of Kings Entertainment and SVH have entered into irrevocable voting and support agreements to vote in favor of the Business Combination representing approximately 30% of the outstanding KEG Shares and 53% of the SVH Shares.

Additionally, it is expected that the Resulting Issuer Shares to be issued to SVH Shareholders, as well as Resulting Issuer Shares to be issued to certain advisors of KEG, will be subject to restrictions on transfer and released in equal monthly installments over a period of 24 months following closing of the Business Combination.

In connection with the KEG Shareholder Meeting, Kings Entertainment anticipates filing a management information circular and listing statement (the "**Disclosure Document**") detailing certain matters relating to the Business Combination and other related matters to be mailed to Kings Entertainment shareholders. Assuming the satisfaction of customary closing conditions, including the approval of Kings Entertainment shareholders, the Business Combination is expected to close at approximately the end of the third quarter of 2022.

Directors and Officers of the Resulting Issuer

Upon completion of the Business Combination, it is anticipated that certain of the current directors and officers of the Company will resign and that, following the completion of the Business Combination, the management team of the Resulting Issuer will be comprised of Jared Beber as CEO, Simon Legge as CFO and Adam Arviv as Executive Chairman and the board of directors of the Resulting Issuer will be comprised of Adam Arviv, Jared Beber, Robert Godfrey, David Danziger, Kevin Kirby, Cory Levi and a seventh director to be nominated by SVH.

Advisors

Norton Rose Fulbright Canada LLP is acting as the Company's legal advisors, and Cormark Securities Inc. and Haywood Securities Inc. are acting as the Company's financial advisors.

Chitiz Pathak LLP is acting as SVH's legal advisors, and Canaccord Genuity Corp. is acting as SVH's financial advisor.

Further Information

Further details about the Business Combination and the Resulting Issuer will be provided in the Disclosure Document to be prepared and filed in respect of the Business Combination.

The Exchange has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved the contents of this press release.

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Disclaimer and Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to, among other things, the completion of the Business Combination, the anticipated closing date of the Business Combination, the timing and nature of the halt associated with the Business Combination, the number of securities of Kings Entertainment that may be issued in connection with the Business Combination, the ownership of Kings Entertainment following the Business Combination, the cash position of the Resulting Issuer, the terms, timing and funding available under any proposed financings, the Amalgamation, the Consolidation (including timing and size), the Name Change, the expected composition of the board of directors of the Resulting Issuer, shareholder approval, the holding and calling of meetings of shareholders, the terms, timing and use of the credit facility to be made available to SVH, the parties' ability to satisfy closing conditions and receive necessary approvals, matters relating to the license from the Alcohol and Gaming Commission of Ontario (including the receipt thereof), the impact of the Business Combination on the Canadian sports betting sector and the Bet99 brand. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Business Combination will occur, or that if the Business Combination does occur, it will be completed on the terms described above.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including, anticipated costs, and the ability to achieve its goals. Trading in the securities of the Company should be considered highly speculative.

Factors that could cause the actual results to differ materially from those in the forward-looking statements include, failure to obtain regulatory and/or shareholder approval, the continued availability of capital and financing, and general economic, market or business conditions,

changes in legislation and regulations, failure of counterparties to perform their contractual obligations, litigation, the loss of key directors, employees, advisors or consultants and fees charged by service providers. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Business Combination will occur or that, if the Business Combination does occur, it will be completed on the terms described above. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Readers should not place undue reliance on the Company's forward-looking statements. Neither the CSE nor its regulation services provider accepts responsibility for the adequacy or accuracy of this news release.

The forward-looking information contained in this release is made as of the date hereof and neither the Company nor SVH is obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.


This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal.

The securities referred to herein have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

All information in this news release concerning SVH has been provided for inclusion herein by SVH. Although the Company has no knowledge that would indicate that any information contained herein concerning SVH is untrue or incomplete, the Company assumes no responsibility for the accuracy or completeness of any such information. Investors are cautioned that, except as disclosed in the listing statement to be prepared in connection with the Business Combination, any information released or received with respect to the Business Combination may not be accurate or complete and should not be relied upon.

ⁱ Annual financial results based on audited financials; quarterly results based on unaudited interim preliminary financials

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