

26<sup>th</sup> February 2020

## BetMakers Technology Group

### Posts maiden positive EBITDA of \$0.64m in H1FY20

BetMakers Technology Group (ASX:BET) is a B2B software services business focussed on servicing the wagering market and race operators globally. The company's technology and systems are used by every racing authority in Australia and most of the major online bookmakers. BetMakers is not a gaming company, it is a technology company that is facilitating commercial opportunities for racing authorities, rights holders, and corporate bookmakers while providing an improved racing experience for punters. The company has posted a maiden positive EBITDA of \$0.64m (ex interest revenue) for H1FY20, which was a \$2.83m turnaround from H1FY19. Underlying EBITDA was \$0.57m, an increase of \$2.51m on the previous corresponding period. Revenue for the half was \$4.04m, up from \$2.78m a year ago. BET reaffirmed its guidance for \$10m revenue in FY20. As we highlighted in our Flash comment of 5 February 2020 [Signs exclusive 10-year fixed odds deal with New Jersey](#), our forecasts are under review following the landmark exclusive fixed odds deal with the New Jersey Thoroughbred Horsemen Association and Darby Development, the operator of the Monmouth Park race-track

### Interim results commentary

BET has reported a net loss of \$0.56m for H1FY20 compared with the previous corresponding period's net loss of \$1.79m. Excluding non-cash items such as employee shares and a writeback of recovered loan receivables, the underlying loss after tax was \$0.63m. The result demonstrated good cost containment across professional fees (a 40% improvement on pcp), administration expenses (23% better than pcp) and other expenses (a 55% improvement on H1FY19). Offsetting this was a 10.5% increase in employee costs to \$1.97m and an increase in finance costs, mostly relating to the 10% interest charge payable on the remaining \$4m earnout from the DynamicOdds and Global Betting Services acquisitions. The earnout is payable on 30 June 2024. Revenue and gross profit (\$3.9m) were in line with our forecasts as were costs excluding employment costs which were \$0.43m higher than our forecasts.

Exhibit 1: H1FY20 vs H1FY19 and RaaS fct

	H119	H120	%chge	RaaS H120
Revenue	3.03	4.29	41.5%	4.56
Gross Profit	1.58	3.85	143.4%	3.91
EBITDA Adj	(1.95)	0.57	(129.5%)	0.97
EBIT Adj	(2.14)	(0.42)	(80.3%)	(0.30)
NPAT Adj	(1.55)	(0.56)	(64.0%)	(0.44)
NPAT reported	(1.79)	(0.56)	(68.9%)	(0.44)
EPS	(0.86)	(0.12)	(86.4%)	(0.09)

Source: Company Data, RaaS estimates

### Forecasts under review, with expected revenue upside

We highlighted the potential upside of the Global Racing Network in our September 2019 initiation, [Embedded in the DNA of Racing](#), but did not incorporate the US expansion in our base case valuation. As a consequence we see revenue upside and our forecasts are now under review.

#### Share details

ASX Code	BET
Share Price (intraday)	\$0.33
Market Cap (intraday)	\$170.46M
Shares on issue	473.49M
In the money options on issue	63.9M
Net cash at 31 Dec 2019	\$2.7M
Free float	~90%

#### Share price performance (12-months)



#### Upside Case

- Embedded in the racing clubs' integrity systems
- Strong relationships with corporate bookmakers in both Australia and UK
- Opportunity to leverage relationships to develop the Global Racing Network and potentially the Global Tote

#### Downside Case

- Dependent on volumes, clipping a very small portion of the wager
- Sensitive to regulation
- Potential backlash from incumbent totalisers

#### Catalysts

- Delivery of FY20 net revenue guidance of \$10m
- Continued evidence that the Global Tote and GRN are being adopted by corporate bookmakers/racing bodies

#### Company contact

Anthony Pullin (CFO) +61 476 167 127

anthony.pullin@thebetmakers.com.au

#### RaaS Advisory contact

Finola Burke\* +61 414 354 712  
finola.burke@raasgroup.com

\*Analyst holds shares

## FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26<sup>th</sup> November 2018

### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License (“AFSL”) number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS’s services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

### Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

### Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

### How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

### Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS’s representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

### Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

### Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMER and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363) on behalf of BetMakers Technology Group. RaaS has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2020 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.