

22<sup>nd</sup> December 2020

## BetMakers Technology Group

### Signs exclusive 5-year deal for Fixed Odds in Jamaica

BetMakers Technology Group (ASX:BET) is a B2B software services business focussed on servicing the wagering market and race operators globally. 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 announced that it has signed exclusive agreements with Supreme Ventures Racing and Entertainment Ltd to manage Fixed Odds wagering on all racing at its venues and online in Jamaica and to distribute Jamaican racing from Caymanas Park, the Caribbean's main thoroughbred race track, internationally. BetMakers will also sponsor and have the exclusive naming and branding rights to a new trainers pavilion at Caymanas Park. We have not incorporated this arrangement in our forecasts but note that there will be some initial capex (we estimate ~\$300k) required for the rollout of Fixed Odds betting terminals and around \$100k per year for the sponsorship deal, with revenue and earnings expected to commence in FY22. There is also longer term potential for BET to provide pari-mutuel wagering services to Jamaica through its expected acquisition of the Sportech racing and digital assets.

#### Business model

BetMakers operates a SaaS style model for its Racing Data and Informatics platforms: Global Betting Services and DynamicOdds. Racing bodies and bookmakers pay a monthly recurring fee for access to the platforms with contract periods usually of 3 years' duration. Of its \$9.2m in revenue in FY20, 67% was generated under the SaaS model. BetMakers also generates revenue from the content distribution deals it has in place with international racing authorities such as US Greyhounds and US Racing and UK Greyhounds which are more aligned to share of turnover. Over time we expect the SaaS revenue share to average ~45-50% as the company expands its racing data and informatics platforms and new integrity platforms in both Australia and offshore.

#### Exclusive deal adds further edge to BET's racing network

The exclusive 5-year deal will see BET manage Fixed Odds wagering for Fixed Odds bets placed on both Jamaican and international race meetings through Supreme Ventures' online site, on track at Caymanas Park and at more than 100 Off Track Betting (OTB) shops across Jamaica. Currently Jamaica's horse racing wagering sector is wholly pari-mutuel so this transaction is much like the arrangement that BET has struck in New Jersey with the Horseman Association and Monmouth Park. The opportunity is for BET to develop a Fixed Odds wagering handle to match the ~US\$150m pari-mutuel handle generated currently in Jamaica. In addition to the FO managed trading services wagering deal, BET has secured the exclusive rights to distribute all racing data from Caymanas Park to international online wagering operators.

#### Base case valuation is \$1.00/share fully diluted

Our DCF valuation is \$1.00/share fully diluted for all in the money options. Based on the current share count of 700.25m which incorporates our expectation that the Sportech transaction completes, our base case DCF is \$1.17/share.

#### Historical earnings and RaaS Advisory estimates (in A\$m)

Year end	Revenue	EBITDA rep	NPAT rep.	EPS* (c)	EV/Sales (x)	EV/EBITDA (x)	PER(x)
06/19a	6.8	(2.1)	(3.6)	(1.26)	39.6	na	na
06/20a	9.2	0.8	(2.1)	(0.33)	36.6	nm	na
06/21e	35.3	3.8	(2.8)	0.03	12.0	nm	nm
06/22e	86.7	18.5	8.9	1.23	5.6	25.4	57.8

Source: Company data, RaaS Advisory Estimates for FY21e, and FY22e \* EPS normalised for one-time items

#### Share details

ASX Code	BET
Share Price (intraday)	\$0.72
Market Capitalisation	\$504.2M
Shares on issue	700.25M
In the money options on issue	27.8M
Waterhouse Group options on conversion	94.7M
Net cash at 30 Sept	\$32.8M
Free float	~90%

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



#### Upside Case

- Embedded in the racing clubs' integrity systems
- Strong relationships with corporate bookmakers in Australia, US and UK
- Opportunity to leverage relationships to develop its Global Racing Network and US operations

#### Downside Case

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

#### Catalysts

- Sportech acquisition completes
- Fixed odds horse wagering bill becomes enacted

#### Company contact

Anthony Pullin (CFO) +61 476 167 127  
anthony.pullin@thebetmakers.com

#### 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.

#### DISCLAIMERS and DISCLOSURES

This report has been commissioned by BetMakers Technology Group Ltd prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory 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