

BetMakers Technology Group Ltd

Valuation upgrade

Eyeing the prize in the US wagering market

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 is rapidly on a path to become a key player in the US horseracing industry which is poised to introduce fixed odds wagering. BET's \$4b indicative proposal for Tabcorp's Wagering and Media assets, if successful, would add weight to its position in the US but is not essential to its success. With the New Jersey Senate voting, on June 21, unanimously to pass the Bill to authorise fixed odds wagering on horse racing in New Jersey, the industry now waits for the New Jersey Governor to sign the Bill into law. This is a significant step forward as it sets the scene for other US states to adopt similar legislation. Until now, our forecasts have only contemplated BET operating fixed odds wagering in NJ but with the acquisition of the Sportech tote and digital assets now finalised, we have now incorporated estimates for the whole US opportunity. This has resulted in our base case DCF valuation increasing to \$2.42/share, from \$1.16/share.

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. 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. The acquisition of Sportech delivers additional SaaS-style revenues from its tote technology as well as a share of turnover from its tote operations. It will also establish BET as a pari-mutuel operator across 100 US racetracks, casinos and other venues in 36 states ahead of the opportunities to develop a fixed odds wagering business initially in New Jersey. An acquisition of Tabcorp's wagering and media business would likely add gravitas to BET's position in the US market, but in our view is not essential for its success.

New forecasts for US wagering support our upgrade

The US fixed odds wagering opportunity has progressed rapidly with the New Jersey Senate unanimously (40-0) passing the Bill to authorise fixed odds wagering on horse racing. The Bill will now be sent to the NJ Governor for signing into legislation. We see this as a significant development as it will set the scene for other US states to adopt similar legislation. Our analysis of the potential market for US fixed odds betting, outlined in our concurrently published industry report, *Fixed Odds Presents an Opportunity to Scale*, highlights our expectation that the total US horse racing market could grow to US\$86b within 10 years of the introduction of fixed odds, with fixed odds comprising 75% of total wagering. Extrapolating this to BET, we estimate that the fixed odds opportunity could conservatively grow from A\$2.6m in year one to A\$308m in revenues within 10 years.

Base case DCF valuation upgraded to \$2.42/share (\$1.99b)

Our base case DCF valuation has increased \$2.42/share (previously \$1.16/share) as a result of capturing estimates for the broader US fixed odds wagering opportunity. This assumes that BET maintains the ~25% share of market currently commanded by the Sportech tote business except in NJ where it holds exclusivity for the next 10 years. Our valuation does not include anything for a potential Tabcorp wagering deal, which has still some way to play out.

Earnings History and RaaS' Estimates

Year end	Revenue(A\$m)	EBITDA(A\$m)	NPAT (A\$m)	EPS (c)	EV/Sales (x)
06/19a	6.8	(2.1)	(3.6)	(1.26)	73.3
06/20a	9.2	0.8	(2.1)	(0.33)	71.0
06/21e	19.8	(4.2)	(5.5)	(0.53)	44.8
06/22e	94.0	15.4	8.3	1.02	10.7

Source: RaaS Advisory Estimates for FY21e and FY22e, Company Data for historical earnings

Software & services

22nd June 2021

Share details

ASX Code	BET
Share price (intraday)	\$1.20
Market Capitalisation	\$975M
Shares on issue	812.5M
In the money options	60.6M
Waterhouse Group options conversion	94.7M
Net cash 31 Mar 2021	\$125.8M

Share performance (12 months)



Upside Case

- Embedded in racing clubs' integrity systems
- Strong relationships with corporate bookmakers in Australia, UK and US
- Opportunity to deliver its Managed Trading Services and GRN on a global scale

Downside Case

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

Catalysts

- Attorney-General signs Bill for NJ fixed odds
- Tabcorp accepts indicative proposal for wagering & media business
- Demonstrated expansion in US wagering market

Board of Directors

Nicholas Chan	Non-Executive Chairman
Simon Dulhunty	Non-Executive Director
Matt Davey	Non-Executive Director
Todd Buckingham	Managing Director/CEO

Company contact

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

RaaS Advisory contacts

Finola Burke* +61 414 354 712
 finola.burke@raasgroup.com
 Jennifer Owen* +61 409 746 286
 enquiries@owengamingresearch.com

*Analysts hold shares

Sportech acquisition now complete

On June 18, BET announced that it has now completed the acquisition of Sportech’s racing, tote and digital assets in the US, UK and Europe. The acquisition delivers the following to BET:

- Americas Tote Business which provides betting solutions, hardware, and operational services to over 200 racetrack, casino, and betting venues to more than 50 customers across the United States, Canada and Latin America;
- Americas Digital Business which delivers white-label digital betting solutions to more than 25 customers in North America;
- UK and European Tote Business which provides betting technology, parimutuel and co-mingling services to more than 35 customers across the UK, Ireland, Europe, and Asia;
- Quantum™Tote Technology which is a world-leading tote betting engine currently used internationally and including for events such as the Breeders Cup and Royal Ascot race meetings.

The acquisition will help BET accelerate its plans to develop its footprint in the US market in both pari mutuel and the emerging fixed odds wagering opportunity.

Let’s address the elephant in the room (Tabcorp)

On May 25, BetMakers lodged an indicative offer of \$4b with Tabcorp (ASX:TAH) for its wagering and media business (predominantly TAB and Sky Racing). The offer is by way of \$1b in cash (which BET intends to fund through debt financing) and \$3b in new BET shares, with the offer price at a 15% premium to the 10-day VWAP at signing if the deal proceeds. As at the date of the offer, BET would issue an additional 1.79b shares to TAH, giving it a 65% share of the combined group. BET has proposed that the new shares be distributed to Tabcorp shareholders on a pro rata basis. Tabcorp has not yet formed a view on the proposal. However it is worth noting that BET’s offer is \$500m ahead of two other indicative cash proposals made for these assets, one from Apollo Management and the other from Entain plc (which is owned by Ladbrokes). BET’s offer values the Wagering and Media business at 10.8x FY20 EBITDA.

We see BET’s offer as a move to have a seat at the table of what is likely to be the biggest restructure of the totaliser business in Australia. There is a long way to play out on any transaction with regulatory approval required across multiple agencies (ASIC, FIRB, state and territory governments) depending on any successful bidder as well as approval from all the racing authorities, which rely on totaliser funding for their ongoing operations.

There is no guarantee that BET’s offer will be successful, however, we have taken a look at what the combined group P&L might look like. See Ex 1 below. TAH had economic debt of \$3.399b in FY20, we have applied the wagering and media division’s share of EBITDA (37%) to get its share of debt in that group.

At 31 March, BET was sitting on cash of \$125.8m and it is preparing to take on \$1b in debt to fund the acquisition. Using the FY20 EBITDA of BetMakers including Sportech together with the TAH wagering and media business, we arrive at net debt to EBITDA of 2.3x for the combined group. Note that this is based on FY20 results for the combined BET/Sportech business, and does not include anything for synergies.

Exhibit 1: Combined BET/ TAH wagering and media business based on FY20 results			
In A\$m unless otherwise stated	Tabcorp Wagering & Media	BetMakers (inc Sportech)	Combined group
Revenue	2,084	56	2,140
EBITDA	371	8	379
EBIT	175	7	182
Net debt to EBITDA (x)	3.42	nm	2.3

Source: RaaS analysis

Should TAH accept BET's offer, we see the addition of the wagering and media division adding weight to BET's competitive standing in its US operations. It also would give TAB shareholders, either through TAH or directly through an in specie distribution of BET's shares, exposure to the US wagering market. Historically TAH has been criticised by the investment community for not more aggressively pursuing opportunities in the US market. This transaction potentially will unlock those opportunities for TAH shareholders.

We have addressed the potential of the US wagering market in this report and our accompanying Industry Paper, *Fixed Odds Presents an Opportunity to Scale*.

Now read on.

New Jersey leading the way in Fixed Odds Horse Wagering

On June 21, the New Jersey Senate unanimously voted, 40-0, to pass the Bill to "authorise fixed odds wagering on horse races through fixed odds wagering system". This follows the unanimous vote by the NJ Congress last month to pass an identical Bill and again on June 21 with minor amendments to accommodate the horsemen groups and stakeholders. As part of the formal legislative process, the Bill will now go to the Governor of New Jersey for approval and signing to become law.

This legislation is one of the regulatory approvals needed by BET to proceed with its 10-year agreement to distribute and managed Fixed Odds horse racing in New Jersey and is a significant milestone towards attaining approval to proceed.

The legislation also paves the way for other US states to introduce similar legislation.

As we've highlighted in our concurrently published report, *Fixed Odds Presents an Opportunity to Scale*, New Jersey has been a leader in adopting fixed odds sports betting and, now wagering, with other states following suit on sports betting shortly thereafter.

New Jersey was the first state to introduce Fixed Odds Sports Betting legislation in 2018 and this created the blueprint for other states to adopt fixed odds sports betting. Fixed odds sports betting has generated US\$58bn in cumulative handle since 2018.

Applying a more conservative take-up than that experienced so far in US fixed odds sports betting, we are forecasting that US racing handle could grow to US\$85.8b in the 10 years from introducing fixed odds, with fixed odds accounting for 75% of the total handle in year 10. We see a clear advantage for those states with parimutuel handle legalising fixed odds, as it should, on our estimates, grow the overall market for these jurisdictions. The following exhibit sets out our forecasts and shows that we are forecasting growth in parimutuel handle from US\$11b to US\$22b over the 10 years, while fixed odds handle is forecast to grow from US\$197m in year 1 to US\$64b in year 10.

Exhibit 2: Forecast US Racing Market with Fixed Odds Betting

Year		1	2	3	4	5	6	7	8	9	10
Fixed Odds Growth Rate	%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%
Parimutuel Growth Rate - States with Fixed Odds	%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Market Size of States Legalising Fixed Odds this period - Parimutuel Handle	US\$M	657	-	942	1,300	3,068	2,492	-	1,570	873	-
Parimutuel Handle at end of period - states with Fixed Odds	US\$M	755	868	1,940	3,531	7,128	10,690	12,293	15,706	18,935	21,776
Parimutuel Handle at end of period - states without fixed odds	US\$M	10,243	10,243	9,302	8,002	4,934	2,442	2,442	873	0	0
Total Parimutuel Handle	US\$M	10,998	11,112	11,242	11,533	12,063	13,132	14,735	16,579	18,935	21,776
Fixed Odds Handle	US\$M	197	266	749	1,671	4,040	7,633	12,212	21,171	36,601	64,052
Total Racing Handle	US\$M	11,195	11,378	11,991	13,204	16,103	20,765	26,948	37,750	55,536	85,827
Fixed Odds As % of Total	%	2%	2%	6%	13%	25%	37%	45%	56%	66%	75%
Fixed Odds Growth Rate	%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%

Source: Owen Gaming Research on behalf of RaaS

From this, we have derived forecasts for BET's fixed odds revenues from the whole US horseracing market.

Within this, we assume that BET retains the 25% share of handle currently garnered by Sportech. This results in Fixed Odds net revenue of A\$2.6m in year 1 (FY22), growing to A\$308m in year 10 (FY31).

Exhibit 3: Forecasts for BET's US Fixed Odds Revenues

Year	Fixed Odds Handle in States where BET Operates (US\$m)	Total Racing Handle (US\$m)	Wagering operators racing fees (4%)	Racing Industry Revenue - all Fixed Odds (US\$m)	BET Market Share (%)	BET distribution fee (1%)	BET Net Revenue from US Fixed Odds Horseracing in A\$ (@0.76)
1	197	11,195	4.0%	7.9	100%	2.0	\$2.6
2	266	11,378	4.0%	10.6	100%	2.7	\$3.5
3	749	11,991	4.0%	26.2	62%	4.7	\$6.1
4	1,671	13,204	4.0%	58.5	49%	8.2	\$10.8
5	4,040	16,103	4.0%	141.4	40%	16.2	\$21.3
6	7,633	20,765	4.0%	267.1	37%	28.5	\$37.5
7	12,212	26,948	4.0%	427.4	37%	45.6	\$60.0
8	21,171	37,750	4.0%	741.0	37%	77.8	\$102.3
9	36,601	55,536	4.0%	1,281.0	37%	133.7	\$176.0
10	64,052	85,827	4.0%	2,241.8	37%	234.1	\$308.0

Source: Owen Gaming Research for RaaS

Earnings adjustments

The new assumptions for the US fixed odds opportunity has resulted in an upgrade to our revenue forecasts. Previously our forecasts only included estimates for the New Jersey market, which makes up around 6% of the total US parimutuel handle. As we've highlighted in the Exhibit 2, we expect the introduction of fixed odds will lift the parimutuel handle in those states introducing fixed odds. BET's Sportech business will also benefit, assuming, as we have here, it retains its share of parimutuel handle.

We have set out the earnings impact on our forecasts from FY22-FY24 but note that we expect a bigger impact on forecasts further in the future as the industry grows and matures. We expect BET to report 100% of fee for service on handle and for the racing industry's share to be included in cost of goods sold.

Exhibit 4: Earnings adjustments

Year Ending	FY22 old	FY22 new	FY23 old	FY23 new	FY24 old	FY24 new
Revenue	82.0	94.0	99.1	113.7	131.8	154.3
Gross Profit	64.6	68.9	79.0	83.9	102.2	108.5
EBITDA	10.0	15.4	17.8	22.8	37.7	42.4
NPAT	4.5	8.3	10.5	14.0	25.0	28.2

Source: RaaS estimates

Base Case DCF valuation is \$2.42/share (\$1.96b)

We believe the discounted cashflow methodology is the most appropriate method to value BET, given the relatively early stage of the company's life. We arrive at a base case valuation of \$2.42 (previously \$1.16/share) after applying a WACC of 11.4% and terminal growth rate of 2.2% to our base case free cashflows. The terminal value accounts for \$1.75/share of our valuation. On a fully diluted basis (ie 960.9m), the valuation is \$2.04/share. Note that this valuation does not include any assumptions for the Tabcorp wagering and media business.

Exhibit 5: Base Case DCF valuation

	Parameters
Discount rate (WACC)	11.4%
Terminal Growth Rate	2.2%
Beta	1.4
Present value of free cashflows (\$m)	506
Terminal value (\$m)	1,330
Plus Net Cash at 31 March	(126)
Equity value (\$m)	1,962
Shares on issue (m)	813
Equity value per share	\$2.42

Source: RaaS estimates

Exhibit 6: Financial Summary

BetMakers Technology Group Ltd (BET)						Share price (22 June 2021)						A\$	1.20				
Profit and Loss (A\$m)						Interim (A\$m)						H119A	H219A	H120F	H220A	H121F	H221F
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Revenue	3.0	3.8	4.3	4.9	7.6	12.2					
Sales revenue	12.7	6.2	8.6	19.8	94.0	Gross profit	1.6	3.0	3.6	3.1	4.0	7.4					
Total Revenue	17.8	6.8	9.2	19.8	94.0	EBITDA	(1.9)	(0.1)	0.3	0.3	(1.7)	(2.6)					
Gross Profit	1.6	3.9	6.3	11.4	68.9	EBIT	(2.1)	(1.7)	(0.4)	(0.8)	(2.8)	(3.7)					
EBITDA	0.5	(2.1)	0.8	(4.2)	15.4	NPAT (normalised)	(1.5)	(1.4)	(0.6)	(0.9)	(1.4)	(2.1)					
Depn	(0.2)	(0.2)	(0.3)	(0.2)	(1.2)	Minorities	0.0	0.0	0.0	0.0	0.0	0.0					
Amort	(0.2)	(1.6)	(1.9)	(2.0)	(4.0)	NPAT (reported)	(1.8)	(1.8)	(0.6)	(1.5)	(4.4)	(2.1)					
EBIT	0.2	(3.9)	(1.3)	(8.5)	10.2	EPS (normalised)	(0.9)	(0.4)	(0.1)	(0.3)	(0.8)	(0.3)					
Interest	0.0	(0.0)	(0.5)	0.6	1.6	EPS (reported)	(0.9)	(0.4)	(0.1)	(0.3)	(0.8)	(0.3)					
Tax	(0.5)	1.0	0.3	2.4	(3.5)	Dividend (cps)	0.0	0.0	0.0	0.0	0.0	0.0					
Minorities	0.0	0.0	0.0	0.0	0.0	Imputation	30.0	30.0	30.0	30.0	30.0	30.0					
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(2.8)	(0.3)	(0.2)	(0.3)	(1.3)	(5.7)					
NPAT pre significant items	(0.3)	(2.9)	(1.5)	(5.5)	8.3	Free Cash flow	(2.8)	(0.3)	(0.3)	(0.4)	(1.4)	(6.0)					
Significant items	(5.7)	(0.7)	(0.6)	0.0	0.0	Divisions						H119A	H219A	H120F	H220A	H121F	H221F
NPAT (reported)	(6.0)	(3.6)	(2.1)	(5.5)	8.3	Wholesale Wagering	2.6	3.1	3.2	3.2	5.8	10.3					
Cash flow (A\$m)						Content & Integrity	0.2	0.3	0.9	1.4	1.8	1.9					
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Other income	0.3	0.4	0.0	0.3	0.0	0.0					
EBITDA	0.5	(2.1)	0.8	(4.2)	15.4	Total Revenue	3.0	3.8	4.0	4.9	7.6	12.2					
Interest	0.1	(0.0)	(0.4)	0.6	1.6	COGS	1.4	0.8	0.4	1.8	3.6	4.8					
Tax	0.0	(0.1)	(0.0)	(0.0)	(3.5)	Gross Profit	1.6	3.0	3.6	3.1	4.0	7.4					
Working capital changes	(12.0)	(0.9)	(1.0)	(3.4)	(13.2)	Employment costs	1.8	1.6	2.0	2.1	3.3	6.4					
Operating cash flow	(11.4)	(3.1)	(0.5)	(7.0)	0.2	Selling General & Admin Costs	1.6	1.6	1.3	0.6	1.3	2.0					
Mtce capex	0.0	(0.0)	(0.2)	(0.4)	(1.3)	Other Opex	0.1	(0.0)	0.0	0.0	1.1	1.6					
Free cash flow	(11.4)	(3.1)	(0.7)	(7.4)	(1.1)	Total Operating Costs	3.5	3.1	3.3	2.8	5.7	9.9					
Growth capex	(0.1)	0.0	(0.0)	(2.5)	(5.0)	EBITDA	(1.9)	(0.1)	0.3	0.3	(1.7)	(2.6)					
Acquisitions/Disposals	0.3	(5.8)	0.0	(67.2)	0.0	Margins, Leverage, Returns						FY18A	FY19A	FY20A	FY21F	FY22F	
Other	(0.2)	(0.9)	0.0	0.0	0.0	EBITDA		n/a	(30.5%)	9.1%	(21.4%)	16.4%					
Cash flow pre financing	(11.3)	(9.8)	(0.7)	(77.1)	(6.1)	EBIT		n/a	(56.9%)	(14.3%)	(42.9%)	10.9%					
Equity	10.1	9.1	37.8	132.4	0.7	NPAT pre significant items		n/a	(42.7%)	(16.5%)	(27.6%)	8.8%					
Debt	0.0	(0.3)	0.0	1.0	2.0	Net Debt (Cash)		1.5	(3.5)	31.3	86.8	86.4					
Dividends paid	0.0	0.0	(0.2)	(0.1)	0.0	Net debt/EBITDA (x)	(x)	2.692	n/a	37.543	n/a	5.616					
Net cash flow for year	(1.3)	(1.0)	36.9	56.2	(3.4)	ND/ND+Equity (%)	(%)	n/a	15.6%	(107.4%)	(85.9%)	(78.3%)					
Balance sheet (A\$m)						EBIT interest cover (x)	(x)	(0.2)	n/a	n/a	n/a	-	0.2				
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	ROA		n/a	(16.7%)	(2.8%)	(6.7%)	5.2%					
Cash	1.5	0.5	31.6	88.2	89.9	ROE			(22.6%)	(5.4%)	(4.4%)	4.3%					
Accounts receivable	5.4	1.2	2.0	1.2	5.7	ROIC		1.1%	(49.2%)	(3.0%)	(5.0%)	5.6%					
Inventory	0.0	0.0	0.0	0.0	0.0	NTA (per share)		0.07	0.01	0.08	0.21	0.20					
Other current assets	0.1	0.1	0.1	11.3	11.3	Working capital		2.6	0.1	0.7	0.7	4.2					
Total current assets	7.0	1.8	33.7	100.7	106.9	WC/Sales (%)		14.8%	1.3%	7.8%	3.4%	4.4%					
PPE	0.3	0.2	0.2	39.9	40.0	Revenue growth		n/a	(61.6%)	34.4%	116.1%	374.7%					
Intangibles inc Goodwill	2.0	14.5	14.5	14.5	14.5	EBIT growth pa		n/a	n/a	n/a	n/a	(220.6%)					
Investments	0.0	0.0	0.0	0.0	0.0	Pricing						FY18A	FY19A	FY20A	FY21F	FY22F	
Deferred tax asset	5.4	6.5	7.3	10.4	10.4	No of shares (y/e)	(m)	162	413	568	812	907					
Other assets	1.3	7.7	6.9	25.1	30.9	Weighted Av Dil Shares	(m)	162	232	457	690	812					
Total non current assets	9.0	28.8	28.9	89.8	95.7	EPS Reported	cps	(3.68)	(1.55)	(0.47)	(1.06)	1.02					
Total Assets	15.9	30.6	62.6	190.5	202.5	EPS Normalised/Diluted	cps	(0.19)	(1.26)	(0.33)	(0.53)	1.02					
Accounts payable	2.8	1.2	1.3	0.5	1.6	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	-291%					
Short term debt	0.0	0.0	0.0	0.0	0.0	DPS	cps	-	-	-	-	-					
Tax payable	0.0	0.0	0.0	0.0	0.0	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Other current liabilities	0.3	6.2	0.4	0.6	0.6	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%					
Total current liabilities	3.1	7.4	1.7	1.1	2.1	Dividend imputation		30	30	30	30	30					
Long term debt	0.0	4.0	0.4	1.4	3.4	PE (x)		-	-	-	-	117.9					
Other non current liabs	0.1	0.1	0.2	0.2	0.2	PE market		18.8	18.8	18.8	18.8	18.8					
Total long term liabilities	0.1	4.1	0.5	1.6	3.6	Premium/(discount)		nm	nm	nm	nm	527.3%					
Total Liabilities	3.2	11.4	2.2	2.7	5.7	EV/EBITDA		nm	nm	nm	nm	65.1					
Net Assets	12.7	19.2	60.4	187.8	196.8	FCF/Share	cps	(7.0)	(0.7)	(0.1)	(0.8)	0.2					
Share capital	32.5	42.4	84.9	216.7	217.4	Price/FCF share		nm	nm	nm	nm	nm					
Accumulated profits/losses	(21.2)	(24.0)	(26.1)	(32.7)	(24.4)	Free Cash flow Yield		nm	nm	nm	nm	nm					
Reserves	1.4	0.7	1.6	3.8	3.8												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	12.7	19.2	60.4	187.8	196.8												

Source: RaaS Advisory



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: 26th 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

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; Email: 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

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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.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

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