

## Telematic Interactive Bulgaria AD

### Share Information

Price (BGN)	14.95
52-week price change	-
52-week price range	14.65 – 25.40
Market Cap (BGN)	191,160,266
Market Cap (EUR)	93,738,692
Shares outstanding	12,960,018
Free Float	7.41%
P/E (ttm)	8.57
P/S (ttm)	2.16
P/BV	4.61

Source: SIS Calculations and Market Data  
The BGN is pegged at one euro equals 1.95583 leva.



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### Growth and profitability story

#### Q2 Consolidated Results

- Telematic Interactive Bulgaria AD reported 35.9% revenue growth for Q2 YoY reaching BGN 47.2mIn. Casino revenues take the lion's share of BGN 40.8mIn or 86.5% of the total after an impressive 30.3% YoY growth. Sports-betting reached BGN 4.3mIn, but this business line still accounts for just 9% of the total even after doubling in value YoY. The remaining 4.5% is revenues from providing gaming content to B2B customers.

- The company implemented a strong strategy to increase customer base in order to counter the negative effect from the global trend of decreasing the average value per customer. As a result, active clients went up 58%.

- The churn rate decreased from 8% to 2% YoY indicating significantly greater loyalty by existing customers. In an environment, where clients are highly mobile, this is indicative of the quality of service the company provides.

- Average active clients per month has been on a steady increase going from 45,383 at Q2 2021, to 49,321 at year end 2021 to expanding massively to 71,707 at Q2 2022.

- On the negative side, operational expenses increased more than revenues – 39.6% vs 35.6%. The biggest contributor is the increase in banking fees – a shift, which has affected nearly all sectors. The account increased 2.5x to reach BGN 4.4mIn.

- Cash marked a significant increase by 66% to reach over BGN 37mIn. BGN 10mIn of those are for dividends, which is central to Telematic Interactive's strategy with shareholders. The remaining BGN 14.7mIn allow for a comfortable cushion.

- The spike in the price in July was due to formalities with the trade registry, where documents regarding the stock split and new capital were not registered and to avoid trading at the previous rate, trade was halted. The price for those 7 trading days was registered as BGN 25.4 per share even if there were no trades.

Key Statistics, 000s	2020A	2021A	2022E	2023E	2024E
Revenue	28,596	76,109	99,965	120,476	141,406
Revenue Growth	-	166.2%	31.3%	20.5%	17.4%
EBITDA Margin	29.2%	30.1%	29%	30.2%	30.4%
Net Margin	25.8%	26.7%	25.1%	26.2%	26.4%

Source: SIS Calculations

**FINANCIAL SNAPSHOT**
**QUARTERLY RESULTS**

Financial Metrics	Q2 2021	Q2 2022	% Change	TTM
Total Revenue	34 783	47 223	35.9%	88 662
Operating expenses	25 195	35 164	39.6%	63 349
EBIT	9 792	12 376	26.4%	25 313
Operating Margin	28%	26%	-1.9%	29%
EBITDA	9 955	12 955	30.1%	25 905
Net profit	8 827	11 074	25.5%	22 599
Net Margin	25%	23%	-1.9%	25%
Total Assets	32 391	54 875	69.4%	-
Net Debt	-14 651	-36 009	145.8%	-
Debt-to-Equity	0.31	0.17	-	-

**FINANCIAL RATIOS**

Per share	2018	2019	2020	2021
Number of shares	4 000 000	4 000 000	4 000 000	4 000 000
EPS	-0.01	0.07	1.85	5.09

Growth & Activity	2018	2019	2020	2021
Revenue growth	0.0%	124.3%	520.8%	166.2%
Earnings growth	0.0%	116.8%	395.3%	160.9%
CAPEX growth	-	0.0%	0.0%	0.0%
CAPEX/Revenue	0.0%	0.0%	0.0%	0.2%
Asset Turnover	114.3%	194.0%	216.5%	235.0%
Working Capital Turnover	0.0%	521.0%	1804.4%	866.8%

Return & Profitability	2018	2019	2020	2021
ROE	-3.4%	16.1%	80.6%	82.1%
ROA	-2.8%	12.1%	55.9%	62.8%
ROIC	-3.4%	16.1%	80.6%	82.1%
EBITDA margin	7.2%	10.3%	29.2%	30.1%
Operating margin	7.2%	10.3%	28.4%	29.9%
Net margin	-2.5%	6.2%	25.8%	26.7%

Gearing & Liquidity	2018	2019	2020	2021
Debt-to-Equity	0.2	0.3	0.4	0.3
Net Debt to EBITDA	-0.2	-0.9	-6.6	-1.6
Interest coverage	n/a	n/a	n/a	n/a
Cash ratio	4.2	1.9	1.3	2.9
Current ratio	4.5	2.3	1.6	3.0

**COMPANY DESCRIPTION**

Telematic Interactive Bulgaria AD is a licensed online gambling operator. The company operates under the Palms Bet brand primarily in Bulgaria. Online games generate all revenue and the services are in two directions- online casino and sports betting. The casino business offers over 400 online slot games, live casino, bingo and table games. In sports betting, customers have the opportunity to bet on over 20,000 sport events. Commenced in 2014 and have grown exponentially ever since, the focus is on B2C strategy, but in 2022 they started offering B2B content to international clients.

**ANNUAL FINANCIAL RESULTS**

Income Statement (BGN th)	2018	2019	2020	2021
Operating Revenue	2 054	4 606	28 413	75 887
Financial Income	-	-	183	222
<b>Total Revenue</b>	<b>2 054</b>	<b>4 606</b>	<b>28 596</b>	<b>76 109</b>
Operating expenses	1 905	4 131	20 463	53 380
EBIT	149	475	8 133	22 729
<b>EBITDA</b>	<b>149</b>	<b>475</b>	<b>8 341</b>	<b>22 905</b>
<b>Net profit</b>	<b>(51)</b>	<b>288</b>	<b>7 384</b>	<b>20 352</b>

Balance Sheet (BGN th)	2018	2019	2020	2021
Current assets	1 275	1 367	6 439	22 780
Cash & equiv.	1 172	1 125	5 311	22 265
Non-current assets	522	1 007	6 770	9 611
PP&E and Inv. Properties	520	485	277	287
<b>Total Assets</b>	<b>1 798</b>	<b>2 375</b>	<b>13 209</b>	<b>32 391</b>
Current Liabilities	282	593	4 044	7 614
ST Loans	-	-	-	-
Non-current liabilities	22	-	-	-
LT Loans	-	-	-	-
<b>Total Liabilities</b>	<b>303</b>	<b>593</b>	<b>4 044</b>	<b>7 614</b>
<b>Equity</b>	<b>1 494</b>	<b>1 782</b>	<b>9 165</b>	<b>24 777</b>
Net Working Capital	994	775	2 395	15 166
Total Debt	303	593	4 044	7 614
Net Debt	(868)	(532)	(1 267)	(14 651)

Cash Flow Statement (BGN th)	2018	2019	2020	2021
CF from operations	-	-	10 878	23 591
CF from investments	-	-	(6 687)	(6 330)
CAPEX	-	-	-	(182)
Purchase of investments	-	-	-	(8 910)
CF from financing	-	-	(5)	(307)
Change in debt	-	-	-	-
Paid interest	-	-	-	-
Paid dividends	-	-	-	(281)

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