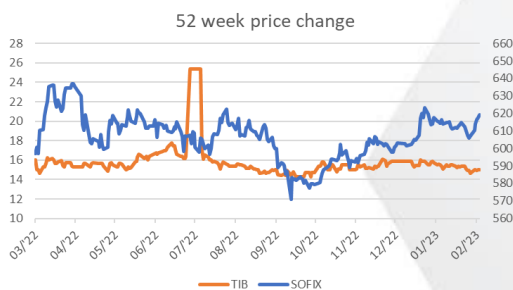


Telematic Interactive Bulgaria AD

Share Information

Price (BGN)	15.00
52-week price change	-
52-week price range	14.30 – 25.40
Market Cap (BGN)	194,400,270
Market Cap (EUR)	99,395,279
Shares outstanding	12,960,018
Free Float	7.41%
P/E (ttm)	4.65
P/S (ttm)	1.06
P/BV	3.97

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



* in BGN

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Recession proof business continues to expand

Q4 Consolidated Results

- Telematic Interactive Bulgaria AD reported 32.3% revenue growth for Q4 YoY reaching BGN 102.2mln. Casino revenues take the lion's share of BGN 88.8mln or 86.9% of the total after an impressive 28.2% YoY growth. Sports-betting reached BGN 8.6mln, but this business line still accounts for just 8.4% of the total even after increasing nearly 330% YoY. The remaining 4.7% is revenues from providing gaming content to B2B customers.

- The company continues to implement 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 incredible 68.9% with the conversion rate staying at impressive 36%.

- 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 83,227 at Q4 2022.

- The churn rate marked a massive decrease to 1% from 7% a year ago 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.

- On the negative side, operational expenses continued to increase proportionately more than sales – external services increased 37.7% mostly due to the increases in the fees for gaming content (24.3% hike to BGN 14.9m), advertising (20% hike to BGN 17.5m) and bank fees (skyrocketing 77% to BGN 9.5m). The tax paid on gambling profit, recorded under “Other expense”, increased 29.5% to BGN 21.5m. On the positive side, however, these costs are directly linked to the expansion strategy, which the company is implementing. All of those, besides the tax on the gambling profit (which is a function of revenues), are expected to hit a plateau, which would increase profitability.

- The company is very liquid as cash represents 81% of Current Assets and 69% of Total Assets.

- Peru expansion: certification completed, team and infrastructure setting started, final stages before launch.

- Kenya expansion: basic operations have commenced. Huge effort in information collection and building marketing strategy is underway with the idea to have full-fledged very impactful marketing campaigns very soon.

- The management announced a possible intention to get listed on the Frankfurt Stock Exchange in the future.

- The development of new products seems to yield very positive results as some new products appear to have surprisingly good traction among users.

FINANCIAL SNAPSHOT

QUARTERLY RESULTS				
Financial Metrics	Q4 2022	Q4 2021	% Change	TTM
Total Revenue	102 192	77 868	32.3%	101 315
Operating expenses	76 753	55 015	39.5%	75 118
EBIT	26 534	23 066	15.0%	26 197
Operating Margin	26%	30%	3.7%	26%
EBITDA	26 841	23 305	15.2%	26 441
Net profit	22 798	20 651	10.4%	22 499
Net Margin	22%	27%	4.2%	22%
Total Assets	64 437	32 814	96.4%	-
Net Debt	-44 242	-22 326	98.2%	-
Debt-to-Equity	0.00	0.00	-	-

FINANCIAL RATIOS				
Per share	Q4 2022	2021	2020	2019
Number of shares	12 960 018	4 000 000	4 000 000	4 000 000
EPS	1.76	5.09	1.85	0.07

Growth & Activity	Q4 2022	2021	2020	2019
Revenue growth	32.3%	166.2%	520.8%	124.3%
Earnings growth	39.5%	160.9%	395.3%	116.8%
CAPEX growth	0.0%	0.0%	0.0%	0.0%
CAPEX/Revenue	0.0%	0.2%	0.0%	0.0%
Asset Turnover	160.3%	235.0%	216.5%	194.0%
Working Capital Turnover	346.6%	866.8%	1804.4%	521.0%

Return & Profitability	Q4 2022	2021	2020	2019
ROE	42.4%	82.1%	80.6%	16.1%
ROA	35.4%	62.8%	55.9%	12.1%
ROIC	42.4%	82.1%	80.6%	16.1%
EBITDA margin	26.0%	30.1%	29.2%	10.3%
Operating margin	25.7%	29.9%	28.4%	10.3%
Net margin	22.1%	26.7%	25.8%	6.2%

Gearing & Liquidity	Q4 2022	2021	2020	2019
Debt-to-Equity	0.0	0.0	0.0	0.0
Net Debt to EBITDA	-0.6	-1.0	-1.6	-0.4
Interest coverage	n/a	n/a	n/a	n/a
Cash ratio	4.1	2.9	1.3	1.9
Current ratio	5.1	3.0	1.6	2.3

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)	Q4 2022	2021	2020	2019
Operating Revenue	102 192	75 887	28 413	4 606
Financial Income	1 095	222	183	-
Total Revenue	103 287	76 109	28 596	4 606
Operating expenses	76 753	53 380	20 463	4 131
EBIT	26 534	22 729	8 133	475
EBITDA	26 841	22 905	8 341	475
Net profit	22 798	20 352	7 384	288

Balance Sheet (BGN th)	Q4 2022	2021	2020	2019
Current assets	54 666	22 780	6 439	1 367
Cash & equiv.	44 242	22 265	5 311	1 125
Non-current assets	9 771	9 611	6 770	1 007
PP&E and Inv. Properties	9 295	287	277	485
Total Assets	64 437	32 391	13 209	2 375
Current Liabilities	10 715	7 614	4 044	593
ST Loans	-	-	-	-
Non-current liabilities	-	-	-	-
LT Loans	-	-	-	-
Total Liabilities	10 715	7 614	4 044	593
Equity	53 722	24 777	9 165	1 782
Net Working Capital	43 951	15 166	2 395	775
Total Debt	-	-	-	-
Net Debt	(44 242)	(22 265)	(5 311)	(1 125)

Cash Flow Statement (BGN th)	Q4 2022	2021	2020	2019
CF from operations	26 130	23 591	10 878	-
CF from investments	(10 079)	(6 330)	(6 687)	-
CAPEX	(1 716)	(182)	-	-
Purchase of investments	(10 359)	(8 910)	-	-
CF from financing	5 865	(307)	(5)	-
Change in debt	-	-	-	-
Paid interest	-	-	-	-
Paid dividends	(10 135)	(281)	-	-

Source: Company financials and SIS calculations

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BUY	Target price above current market price between 10% and 25%
HOLD	Target price in the +/-10% range of the current market price
SELL	Target price below current market price between 10% and 25%
STRONG SELL	Target price above current market price by 25% or more

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