

RAS Technology Holdings

Racing in the right direction

RTH has released a trading update, with the key highlight being current ARR of \$21.1m, up strongly (+15%) from 1H25 and in-line vs OMLe. This growth has been driven by the company's recent Hong Kong acquisition and ongoing contract wins / extensions with various parties. The announcement provides further confirmation of RTH moving in the right direction, with underlying ARR growing strongly at ~20% YoY. There are no changes to our forecasts or TP. BUY retained.

Event: Positive trading update

- Key highlights.** ARR of \$21.1m is up strongly (+15%) from \$18.3m at 1H25, driven by (1) the company's recent Hong Kong acquisition (+\$1.1m) and ongoing contract wins / extensions with various parties (+\$1.7m).
- We had assumed RTH would end 2H25 at \$23.8m in ARR, although this included all ~\$3.8m of revenue from the HK acquisition vs RTH's treatment of contracted revenues only (\$1.1m). This is a definitional difference, and should not impact ultimate revenue generation. Adjusting for the above ARR treatment differences, OMLe 2H25 ARR would have been \$21.1m, or exactly in-line with today's announcement.
- RTH announced several deal wins and extensions (quantum not provided) to various parties including Entain, Sportsbet, SKY Racing, Metric Gaming, and Quinn Bet. These confirm our view that RTH has a strong product suite and market position, both of which are constantly improving. RTH further notes a "strong pipeline of opportunities" leaving it well-positioned to continue its growth over the remainder of FY25 and into FY26.

Impact: ARR growing strongly at +20% YoY

- Today's announcement is further confirmation that RTH is moving in the right direction, with underlying ARR growing strongly at ~20% YoY, due to the recent HK acquisition and a range of successful contract wins/extensions.

Investment view: Recommendation and TP unchanged

- At just 1.3x EV/Rev, growing strongly, and profitable, we continue to see RTH undervalued here.

Key Financials

Year-end June (\$)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (\$m)	11.7	16.2	21.6	28.4	33.3
EBITDA (\$m)	0.3	1.9	2.5	4.5	6.4
EBIT (\$m)	(1.1)	0.2	0.6	1.4	3.2
Reported NPAT (\$m)	(1.3)	(0.4)	0.5	1.0	2.2
Reported EPS (c)	(2.9)	(0.8)	1.0	2.1	4.7
Normalised NPAT (\$m)	(1.3)	(0.4)	0.5	1.0	2.2
Normalised EPS (c)	(2.9)	(0.8)	1.0	2.1	4.7
EPS Growth (%)	-	-	-	98.1	130.4
Franking (%)	-	-	-	-	-
EV/EBITDA (X)	-	25.8	19.0	10.6	8.0
Normalised P/E (x)	-	-	85.9	43.4	18.8
Normalised ROE (%)	-	-	3.6	6.5	13.5

Source: OML, Iress, RAS Technology Holdings

28 May 2025

Last Price

A\$0.89

Target Price

A\$1.78

Recommendation

Buy

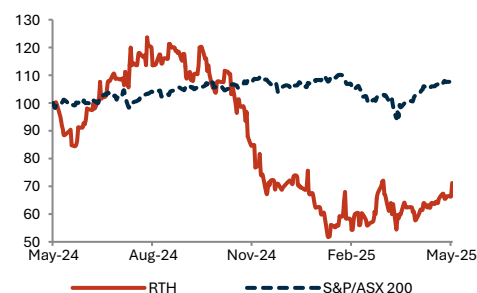
Risk

Higher

Software

ASX Code	RTH
52 Week Range (\$)	0.65 - 1.55
Market Cap (\$m)	41.6
Shares Outstanding (m)	46.7
Av Daily Turnover (\$m)	0.0
3 Month Total Return (%)	18.7
12 Month Total Return (%)	-28.8
Benchmark 12 Mth Return (%)	8.5
NTA FY25E (¢ per share)	8.7
Net Cash FY25E (\$m)	4.8

Price performance



Source: FactSet

Consensus Earnings

	FY25E	FY26E
NPAT (C) (\$m)	-	-
NPAT (OM) (\$m)	0.5	1.0
EPS (C) (c)	-	-
EPS (OM) (c)	1.0	2.1

Source: OML, Iress, RAS Technology Holdings

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RAS Technology Holdings

PROFIT & LOSS (A\$m)	2023A	2024A	2025E	2026E	2027E
Revenue	11.7	16.2	21.6	28.4	33.3
Other income	1.6	1.7	0.8	0.3	0.1
Operating costs	(11.5)	(12.9)	(15.4)	(17.1)	(18.5)
Operating EBITDA	0.3	1.9	2.5	4.5	6.4
D&A	-	-	-	-	-
EBIT	(1.1)	0.2	0.6	1.4	3.2
Net interest	(0.1)	(0.1)	(0.0)	-	-
Pre-tax profit	(1.2)	0.2	0.6	1.4	3.2
Net tax (expense) / benefit	(0.1)	(0.6)	(0.1)	(0.4)	(1.0)
Normalised NPAT	(1.3)	(0.4)	0.5	1.0	2.2
Reported NPAT	(1.3)	(0.4)	0.5	1.0	2.2
Normalised dil. EPS (cps)	(2.9)	(0.8)	1.0	2.1	4.7
Reported EPS (cps)	(2.9)	(0.8)	1.0	2.1	4.7
Effective tax rate (%)	12.8	(303.7)	(19.1)	(30.0)	(30.0)
Franking (%)	-	-	-	-	-
Diluted # of shares (m)	45.5	45.5	46.6	46.6	46.6

CASH FLOW (A\$m)	2023A	2024A	2025E	2026E	2027E
Net Interest (paid)/received	0.2	0.3	0.3	0.1	0.1
Income tax paid	(0.0)	(0.0)	-	-	-
Other operating items	-	-	-	-	-
Operating Cash Flow	0.1	2.3	2.4	4.5	6.3
Capex	(2.0)	(2.3)	(3.0)	(3.2)	(3.6)
Other investing items	-	-	(4.0)	-	-
Investing Cash Flow	(1.9)	(2.3)	(7.0)	(3.2)	(3.6)
Other financing items	(0.2)	(0.3)	(0.3)	(0.3)	-
Financing Cash Flow	(0.2)	(0.3)	1.0	(0.3)	-
FX adjustment	-	-	-	-	-
Net Inc/(Dec) in Cash	(2.1)	(0.3)	(3.5)	1.0	2.8

BALANCE SHEET (A\$m)	2023A	2024A	2025E	2026E	2027E
Cash	8.7	8.3	4.8	5.8	8.5
Receivables	2.2	3.6	2.7	2.7	2.7
Other current assets	0.6	0.5	0.5	0.5	0.5
PP&E	0.5	0.3	0.3	0.4	0.4
Intangibles	3.9	5.0	10.4	10.6	11.0
Other non-current assets	1.0	0.7	0.4	0.3	0.2
Total Assets	18.0	19.5	20.2	20.8	23.0
Short term debt	-	-	-	-	-
Payables	1.9	2.3	1.4	1.4	1.3
Other current liabilities	1.4	2.1	2.0	2.0	2.0
Long term debt	-	-	-	-	-
Other non-current liabilities	1.5	1.4	0.9	0.6	0.6
Total Liabilities	5.5	6.9	5.7	5.3	5.3
Total Equity	12.6	12.6	14.5	15.5	17.7
Net debt (cash)	(8.7)	(8.3)	(4.8)	(5.8)	(8.5)

Buy

DIVISIONS	2023A	2024A	2025E	2026E	2027E
KEY METRICS (%)	2023A	2024A	2025E	2026E	2027E
Revenue growth	40.7	38.1	33.5	31.7	17.0
EBITDA growth	-	632.2	31.0	83.0	40.6
EBIT growth	-	-	158.1	121.0	130.4
Normalised EPS growth	-	-	-	98.1	130.4
EBITDA margin	2.2	11.7	11.5	15.9	19.1
OCF / EBITDA	-	107.7	85.7	96.9	96.9
EBIT margin	-	1.5	2.9	4.9	9.6
Return on assets	-	5.3	3.8	8.8	19.0
Return on equity	-	-	3.6	6.5	13.5

VALUATION RATIOS (x)	2023A	2024A	2025E	2026E	2027E
Reported P/E	-	-	85.9	43.4	18.8
Normalised P/E	-	-	85.9	43.4	18.8
Price To Free Cash Flow	-	-	-	32.0	15.1
Price To NTA	4.7	5.3	10.2	8.6	6.3
EV / EBITDA	-	25.8	19.0	10.6	8.0
EV / EBIT	-	200.1	74.7	34.5	15.8

LEVERAGE	2023A	2024A	2025E	2026E	2027E
ND / (ND + Equity) (%)	(222.8)	(196.5)	(49.4)	(59.4)	(92.6)
Net Debt / EBITDA (%)	(3,365.5)	(441.9)	(193.9)	(127.3)	(133.9)
EBIT Interest Cover (x)	-	4.3	28.6	-	-
EBITDA Interest Cover (x)	3.7	33.1	112.5	-	-

SUBSTANTIAL HOLDERS	m	%
Gary Crispe	8.1	17.3%
Robert Vilkaitis	8.0	17.2%
Entain PLC	4.7	10.0%

VALUATION	
Cost of Equity (%)	10.5
Cost of debt (after tax) (%)	6.0
WACC (%)	9.8
Target Price Method	DCF
Target Price (\$)	1.78
Valuation disc. / (prem.) to share price (%)	100.0

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SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

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