

RAS Technology Holdings Limited

Appendix 4D – Half-year report

1. Company details

Name of entity:	RAS Technology Holdings Limited
ABN:	16 650 066 158
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the period ended 31 December 2020

2. Results for announcement to the market

	31 Dec 2021	31 Dec 2020	Up/ Down	% Change
Revenues from ordinary activities	\$4,278,178	\$2,247,206	Up	90.4
Loss from ordinary activities after tax attributable to the owners of RAS Technology Holdings Limited	(\$1,337,747)	\$856,008	Up	100
Loss for the half-year attributable to the owners of RAS Technology Holdings Limited	(\$1,337,747)	\$856,008	Up	100

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

Corporate reorganisation

In July 2021, Racing and Sports undertook a corporate restructure. Under this corporate restructure, the shareholders in Racing and Sports Pty Ltd exchanged their shares in that company for shares in RAS Technology Holdings Limited in a “top hat restructure” (Restructure). Each shareholder’s proportionate interest in Racing and Sports was not altered as a result of the Restructure.

The effect of the Restructure was to interpose RAS Technology Holdings Limited as the new legal parent of the Group.

While RAS Technology Holdings Limited became the legal parent of Racing and Sports Pty Ltd, this did not result in a business combination for accounting purposes. When preparing the financial information for RAS Technology Holdings Limited, the Restructure has been accounted for as a capital reorganisation. The financial statements of RAS Technology Holdings Limited represent a continuation of the existing Racing and Sports Pty Ltd financial statements. Assets and liabilities are recorded at their existing values in the balance sheet. The statement of profit and loss for RAS Technology Holdings Limited is a continuation of the existing profit and loss statement of Racing and Sports Pty Ltd.

Initial Public Offering

On 23 November 2021, RAS Technology Holdings Limited completed an Initial Public Offering (IPO) and became listed on the Australian Securities Exchange (ASX).

In accordance with the prospectus, RAS Technology Holdings Limited raised \$29,000,001 through the issue of 9,333,334 new shares and the sale of 10,000,000 existing shares.

Financial performance

RAS Technology Holdings posted a statutory loss for the half year period of (\$1.34) million (1H FY21: profit \$0.86 million) with the results impacted by \$1.80 million of direct IPO expenses expensed during the six month period to 31 December 2021.

Further information on the results is detailed in the “Review of Operations’ section of the Director’s report which is part of the interim financial report.

Financial position

RAS Technology Holdings has a cash balance of \$12.28 million after receipt of funds from the IPO of \$11.23 million net of IPO costs (1HFY21: \$1.79 million)

3. Net tangible assets

	31 December 2021	31 December 2020
Net tangible assets per ordinary security	\$0.23	(\$77.25)

4. Control gained over entities

As part of the corporate restructure RAS Technology Holdings has established a number of wholly owned subsidiaries during the six month period ending 31 December 2021

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2021 %	31 December 2020 %
Racing and Sports IP Pty Ltd	Australia	100%	-
Racing and Sports International Pty Ltd	Australia	100%	-
Racing and Sports (Private) Limited	Sri Lanka	100%	-
Racing and Sports Limited	United Kingdom	100%	-

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

Final 2021 dividends paid, on 9 August 2021, of \$300,000 during the current financial period.

Previous period

Final 2020 dividends paid, on 13 November 2020, of \$150,000 during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

The Company's financial results are compiled in accordance with the International Financial Reporting Standards (IFRS).

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

11. Attachments

Details of attachments (if any):

The Half-year financial report of RAS Technology Holdings Limited for the half-year ended 31 December 2021 is attached.

12. Signed



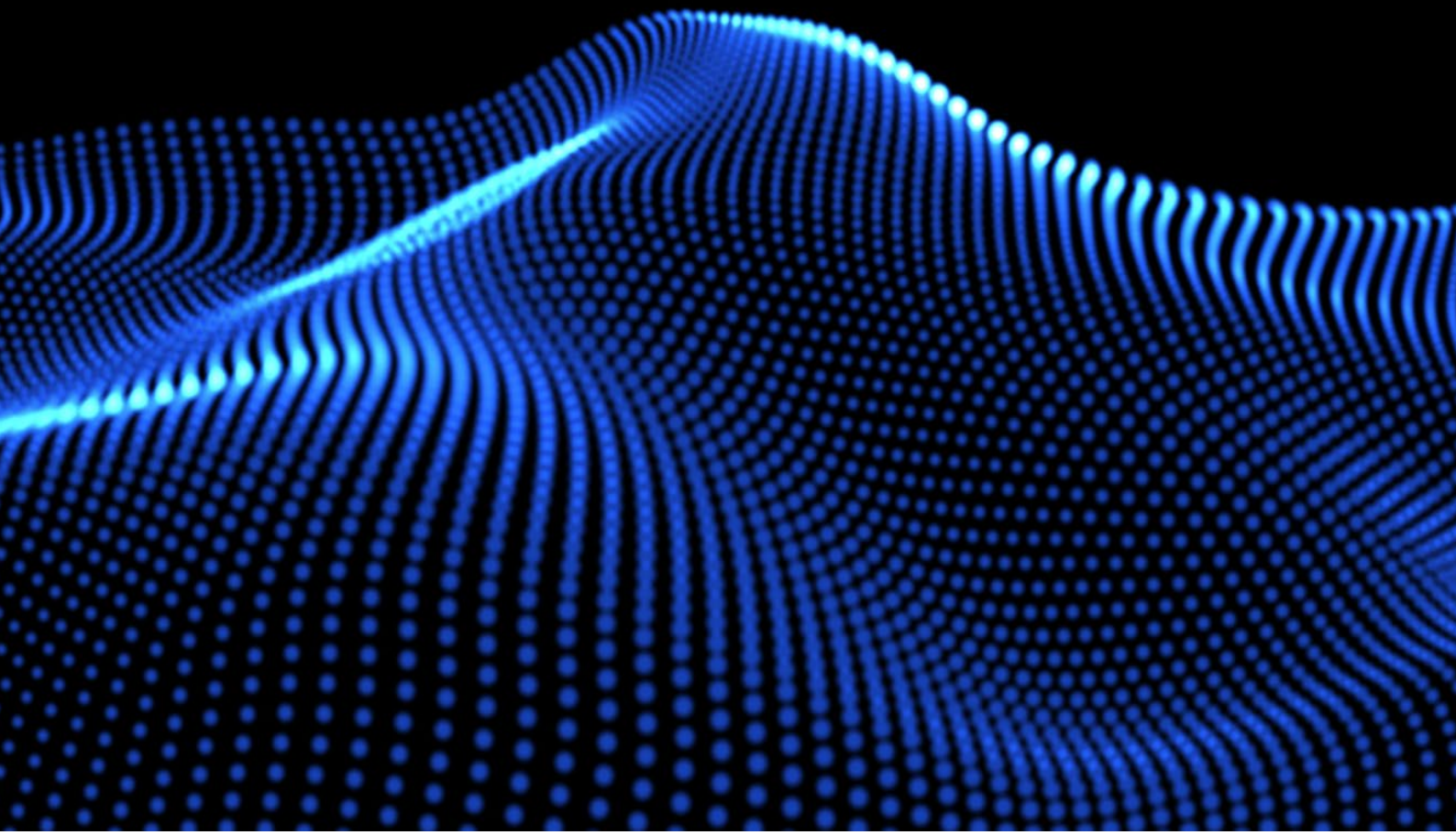
Date: 21 February 2022

Kate Carnell
Non-executive Chair

RAS Technology Holdings Limited

ABN 16 650 066 158

Half-year Financial Report
31 December 2021





Directors' Report

The directors present their report on the consolidated entity consisting of RAS Technology Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Corporate reorganisation

In July 2021, Racing and Sports undertook a corporate restructure. Under this corporate restructure, the shareholders in Racing and Sports Pty Ltd (Racing and Sports) exchanged their shares in that company for shares in RAS Technology Holdings Limited in a "top hat restructure" (Restructure). Each shareholder's proportionate interest in Racing and Sports was not altered as a result of the Restructure.

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Directors and company secretaries

The following persons were directors of RAS Technology Holdings Limited during the whole of the financial half-year and up to the date of this report:

- Kate Carnell (Non-executive Chair – appointed 10 May 2021)
- Gary Alexander Crispe (Executive Director – appointed 10 May 2021)
- Gregory Patrick Nichols (Non-executive Director – appointed 18 June 2021)
- James Richard Palmer (Non-executive Director – appointed 18 June 2021)
- Sophie Karzis (Non-executive Director – appointed 18 June 2021)
- Angela Gunton and Justin Mouchacca have been appointed as joint company secretaries.

Principal activities

RAS Technology Holdings Limited is the holding company of Racing and Sports, a leading provider of fully integrated premium data, enhanced content, and SaaS solutions to the global racing and wagering industries.

Racing and Sports currently services a longstanding, established and geographically diverse customer base of racing bodies and authorities, wagering operators, media and digital organisations and retail and private clients.

The headquarters for Racing and Sports operations is located in Canberra, Australia, and has additional support with offices in the United Kingdom and Sri Lanka.

There has not been any change to the principal activities during the period.

Review of operations

Business Performance

Racing and Sports has experienced continued growth in all the key operating metrics during the half-year to 31 December 2021.

The key operating metrics for the business include:

- **Revenue:** Revenue derived from customer contracts during the period under review;
- **Annualised Monthly Recurring Revenue (AMRR):** is measured as the annualised monthly revenue of customers that are active at financial year end;
- **Average Annualised Revenue per Enterprise Customer (AARPEC):** is measured as the annualised monthly revenue per active Enterprise Customer at financial year end; and
- **Enterprise Customers:** Active customer with revenue exceeding \$50,000 per annum.

Revenue for the half-year ended 31 December 2021 of \$4.28 million, is up 90% vs the pcp¹ 1H FY21 of \$2.25 million and up 56% vs the pp² 2H FY21 of \$3.04 million. This increase is underpinned by the continued growth of services to new and existing customers.

As at 31 December 2021, AMRR has increased to \$8.9 million, this represents an increase in contracted revenue of 35% for the half-year vs 30 June 2021, an increase of 89% for the half-year vs 31 December 2020.

During the half-year the company has had ongoing success in customer acquisition with the addition of three new Enterprise Customers taking the number of Enterprise Customers to 19, which is a 36% increase vs pcp of 14. The business has also continued to focus on the expansion of products and services to existing Enterprise Customers resulting in AARPEC increasing to \$0.40m vs pcp of \$0.29m.

	2H FY20	1H FY21	2H FY21	1H FY22
Revenue	\$1.65m	\$2.25m	\$3.04m	\$4.28m
AMRR	\$4.05m	\$4.70m	\$6.62m	\$8.90m
AARPEC	\$0.29m	\$0.29m	\$0.34m	\$0.40m
Enterprise Customers	12	14	16	19

Non-IFRS measures

The Directors' Report includes references to non-IFRS normalised results. The non-IFRS normalised results have been derived from RAS Technology Holdings statutory accounts and adjusted to a non-IFRS normalised basis to more appropriately reflect the ongoing operations of RAS Technology Holdings. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business.

Non-IFRS measures contained within this report include Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Cost of Revenue derived from the allocations of data and processing costs, amortisation of intangible assets directly related to revenue and direct labour costs for services provided. Non-IFRS measures contained within this report include are not subject to audit or review.

¹ pcp – previous corresponding period 6 months to 31 December 2020

² pp – prior period 6 months to 30 June 2021

Financial Performance

Financial highlights for the period include:

- **Revenue** is up 90% vs the pcp to \$4.28 million.
- **Gross profit** is up 93% v the pcp to \$3.60 million, with cost of revenue comprised of data and processing costs, amortisation of intangible assets and direct labour costs for services provided.
- **Underlying EBITDA** for the period was \$1.05 million (down 24%) which excludes IPO costs of \$1.80 million and other non recurring costs related to the IPO process of \$0.67 million.

Non-IFRS Normalised Profit and Loss Statement (\$m)	31-Dec-21		31-Dec-20	% Change
	31-Dec-21	(Excluding-IPO and non-recurring costs)		
Revenue	4.28	4.28	2.25	90%
Cost of Revenue	(0.67)	(0.67)	(0.38)	76%
Gross Profit	3.60	3.60	1.86	93%
EBITDA	(1.41)	1.05	1.38	(24%)
Depreciation	(0.15)	(0.15)	(0.10)	58%
Finance Costs	(0.03)	(0.03)	(0.02)	25%
(Loss)/Profit Before Tax	(1.60)	0.87	1.26	(31%)
Income Tax Benefit/(Expense)	0.26		(0.41)	
Net (Loss)/Profit After Tax	(1.34)		0.86	
Earnings per share (basic - cents)	(3.52)		2.37	

Cash Management

Cash has been driven by funds received from IPO of \$11.2 million net of IPO costs and the continued growth of Receipts from Customers up 46% to \$3.83 million for the half-year (\$2.63 million for 1H FY21).

The cash balance as at 31 December 2021 is \$12.28 million.

COVID-19 Impacts

During the half-year the company did not receive any government assistance in relation to COVID-19, \$240,000 was received during the first half of the 2021 financial year, through the Cash Booster Scheme and JobKeeper Arrangements.

While the COVID-19 pandemic has not materially affected the company's business for the current period, there was an impact in 1H FY21 with reduced revenues as the racing and wagering industries were affected by race meeting closures. The operations recovered before the end of the first quarter FY21. There is continued uncertainty about the ongoing impact of the COVID-19 pandemic, including in relation to the opening of international borders, duration and severity of government restrictions, and the depth of negative and positive effects of the pandemic on the domestic and global economy as well as in the horseracing and sports industries.

Events occurring after the reporting date

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Kate Carnell
Non-executive Chair

21 February 2022

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF RAS TECHNOLOGY HOLDINGS LIMITED

As lead auditor for the review of RAS Technology Holdings Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RAS Technology Holdings Limited and the entities it controlled during the period.



Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 21 February 2022

RACING AND SPORTS

Financial Statements



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General Information

The financial statements cover RAS Technology Holdings Limited as a consolidated entity consisting of RAS Technology Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is RAS Technology Holdings Limited's functional and presentation currency.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of Racing and Sports Pty Ltd for the year ended 30 June 2021 and any public announcements made by RAS Technology Holdings Limited during the interim reporting period in accordance with the continuous disclosure required of the *Corporations Act 2001*.

RAS Technology Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Its shares are listed on the Australian Securities Exchange. Its registered office and principal place of business are:

Registered office	Principal place of business
C/- JM Corporate Services	Unit 4, Mezzanine Level
Level 21, 459 Collins St	55 Wentworth Avenue
Melbourne VIC 3000	Kingston ACT 2604

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2022. The directors have the power to amend and reissue the financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Revenue			
Revenue from contracts with customers	4	4,278,178	2,247,206
Other income	5	281,934	511,548
Expenses			
Data and processing expenses		(325,312)	(151,540)
Employee benefits expenses		(1,871,643)	(385,076)
Depreciation and amortisation expenses		(452,792)	(330,067)
Finance costs		(30,069)	(24,096)
Occupancy expenses		(31,013)	(37,052)
Technology expenses		(73,991)	(50,989)
IPO costs		(1,799,197)	-
Administration expenses		(1,575,085)	(517,815)
(Loss)/profit before income tax benefit/(expense)		(1,598,990)	1,262,119
Income tax benefit/(expense)		261,243	(406,111)
(Loss)/profit after income tax benefit/(expense) for the half-year attributable to the owners of RAS Technology Holdings Limited		(1,337,747)	856,008
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of RAS Technology Holdings Limited		(1,337,747)	856,008
		Cents	
		Cents	
Earnings per share for (loss)/profit attributable to the owners of RAS Technology Holdings Limited			
Basic earnings per share	14	(3.52)	2.37
Diluted earnings per share	14	(3.52)	2.37

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Condensed Consolidated Balance Sheet

As at 31 December 2021

	Note	Consolidated	
		31 December 2021	30 June 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		12,277,909	2,048,668
Trade and other receivables		944,428	386,336
Contract assets		41,374	-
Other assets		138,448	36,276
Total current assets		13,402,159	2,471,280
Non-current assets			
Property, plant and equipment	7	637,429	249,395
Right-of-use assets	8	1,054,985	459,253
Intangibles	9	2,503,362	2,087,949
Deferred tax assets		1,174,329	201,130
Total non-current assets		5,370,105	2,997,727
Total assets		18,772,264	5,469,007
Liabilities			
Current liabilities			
Trade and other payables		1,656,024	1,709,195
Contract liabilities		138,070	210,218
Borrowings		21,816	21,428
Lease liabilities		120,482	98,914
Current tax liabilities		-	394
Employee benefits		398,743	276,300
Total current liabilities		2,335,135	2,316,449
Non-current liabilities			
Contract liabilities		-	47,818
Borrowings		131,415	142,421
Lease liabilities		1,006,068	367,740
Deferred tax liabilities		310,831	45,546
Employee benefits		4,273	2,937
Total non-current liabilities		1,452,587	606,462
Total liabilities		3,787,722	2,922,911
Net assets		14,984,542	2,546,096
Equity			
Issued capital	10	13,324,021	50,925
Reserves		503,097	-
Retained earnings		1,157,424	2,495,171
Total equity		14,984,542	2,546,096

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued capital	Reserves	Retained earnings	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2020	50,925	-	1,364,579	1,415,504
Profit after income tax expense for the half-year	-	-	856,008	856,008
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	856,008	856,008
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	-	-	(150,000)	(150,000)
Balance at 31 December 2020	50,925	-	2,070,587	2,121,512

	Issued capital	Reserves	Retained earnings	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2021	50,925	-	2,495,171	2,546,096
Loss after income tax benefit for the half-year	-	-	(1,337,747)	(1,337,747)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,337,747)	(1,337,747)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	13,273,096	-	-	13,273,096
Share-based payments (note 15)	-	503,097	-	503,097
Balance at 31 December 2021	13,324,021	503,097	1,157,424	14,984,542

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,833,119	2,633,783
Payments to suppliers and employees (inclusive of GST)		(3,412,133)	(1,261,047)
Payments for IPO costs		(1,799,197)	-
Receipts from government grants and subsidies		188,174	239,978
Income taxes paid		(79,828)	-
Interest received		2,094	720
Interest paid		(30,069)	(24,096)
Net cash (used in)/from operating activities		(1,297,840)	1,589,338
Cash flows from investing activities			
Payments for property, plant and equipment	7	(509,375)	(8,520)
Payments for intangible assets	9	(713,984)	(492,126)
Proceeds from disposal of property, plant and equipment		75,636	-
Net cash used in investing activities		(1,147,723)	(500,646)
Cash flows from financing activities			
Proceeds from issue of shares	10	14,000,000	-
Share issue costs		(970,206)	-
Dividends paid		(300,020)	(150,000)
Repayment of borrowings		(10,618)	(35,566)
Principal repayments of lease liabilities		(44,352)	(64,032)
Loan repayments received		-	3,496
Net cash from/(used in) financing activities		12,674,804	(246,102)
Net increase in cash and cash equivalents		10,229,241	842,590
Cash and cash equivalents at the beginning of the financial half-year		2,048,668	948,885
Cash and cash equivalents at the end of the financial half-year		12,277,909	1,791,475

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Condensed Consolidated Financial Statements

Note 1. Significant changes in the current reporting period

Corporate reorganisation

In July 2021, Racing and Sports undertook a corporate restructure. Under this corporate restructure, the shareholders in Racing and Sports Pty Ltd exchanged their shares in that company for shares in RAS Technology Holdings Limited in a "top hat restructure" (Restructure). Each shareholder's proportionate interest in Racing and Sports was not altered as a result of the Restructure.

The effect of the Restructure was to interpose RAS Technology Holdings Limited as the new legal parent of the Group.

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In accordance with the IPO prospectus, RAS Technology Holdings Limited raised \$29,000,001 through the issue of 9,333,334 new shares and the sale of 10,000,000 existing shares.

Impact of Covid-19

The COVID-19 pandemic and measures undertaken to contain it continue to impact the domestic and global economic outlook and the horseracing and sports industries. The impact of COVID-19 continues to evolve and remains a source of estimation uncertainty. The Group has carefully considered its impact in preparing financial statements for the half-year ended 31 December 2021, including the application of critical estimates and judgments. Other than the matters described below, no significant impacts to the financial statements have been identified as at 31 December 2021 or subsequent to the end of the period.

As disclosed in note 5 the Group did not receive any government assistance during the half-year ended 31 December 2021 (December 2020: \$240,000).

There was no significant impact to the Group's operations or revenue for the half-year ended 31 December 2021. Some disruptions to operations occurred in the half-year ended 31 December 2020 due to race meeting closures. Whilst these closures contributed to a decline in revenue during this period, the impact was not considered to be significant.

Note 2. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited financial statements of Racing and Sports Pty Ltd for the year ended 30 June 2021 and any public announcements made by RAS Technology Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted for the interim report are consistent with those of the previous financial year except for the policies set out below which have been adopted for the first time as a result of the changes in circumstances described in note 1.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RAS Technology Holdings Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the half-year then ended. RAS Technology Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Group operates within one operating segment. The Chief Executive Officer is the Chief Operating Decision Maker (CODM) and monitors the operating results on a consolidated basis, and accordingly, the Group has concluded that it has one reportable segment.

Foreign currency translation

The financial statements are presented in Australian dollars, which is RAS Technology Holdings Limited's functional and presentation currency.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Data services

Revenue from data services is recognised over time as the performance obligation is satisfied, over the term of the contract.

Software as a service

Revenue from software services is recognised over time as the performance obligation is satisfied over the term of the subscription. Amounts billed in advance are recognised on the statement of financial position as contract liabilities, to be recognised over the subscription term.

Grant income

The grant revenue from R&D tax incentive are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Share-based payments

Share-based compensation benefits are provided to employees and selected contractors via the Racing and Sports Equity Plan.

The fair value of options and performance rights granted under the Racing and Sports Equity Plan are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options and rights granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service or non-market performance vesting conditions (revenue growth targets, returns to shareholders and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of RAS Technology Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial half-year, adjusted for bonus elements in ordinary shares issued during the financial half-year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3. Segment information

Identification of reportable operating segments

The Group provides Software as a Service and Data as a Service solutions to the racing and sports wagering industries on a global basis. The Chief Executive Officer is the Chief Operating Decision Maker (CODM) and monitors the operating results on a consolidated basis, and accordingly, the Group has concluded that it has one reportable segment.

Note 4. Revenue from contracts with customers

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Data services	3,188,545	1,876,551
Software as a service	767,123	206,295
Other services	322,510	164,360
	4,278,178	2,247,206

Note 5. Other income

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Government grants - R&D tax incentive	279,840	270,828
Government subsidies - cashflow boost and JobKeeper	-	240,000
Other income	2,094	720
	281,934	511,548

Note 6. Profit and loss information

a) Significant items

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
<i>Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:</i>		
Expenses		
Costs associated with initial public offering	1,799,197	-

Note 7. Property, plant and equipment

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Leasehold improvements – at cost	424,125	69,427
Less: Accumulated depreciation	(7,204)	(12,080)
	416,921	57,347
Plant and equipment – at cost	129,122	163,907
Less: Accumulated depreciation	(31,882)	(112,902)
	97,240	51,005
Motor vehicles under lease	289,320	289,320
Less: Accumulated depreciation	(166,052)	(148,277)
	123,268	141,043
	637,429	249,395

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and equipment	Motor vehicles under lease	Leasehold improvements	Total
	\$	\$	\$	\$
Balance at 1 July 2021	51,005	141,043	57,347	249,395
Additions	85,250	-	424,125	509,375
Disposals	(19,041)	-	(56,595)	(75,636)
Depreciation expense	(19,974)	(17,775)	(7,956)	(45,705)
Balance at 31 December 2021	97,240	123,268	416,921	637,429

Note 8. Right-of-use assets

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Land and buildings – right-of-use	1,110,510	529,907
Less: Accumulated depreciation	(55,525)	(70,654)
	1,054,985	459,253

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land and buildings	Total
	\$	\$
Balance at 1 July 2021	459,253	459,253
Additions	1,110,510	1,110,510
Reductions due to termination of leases	(406,262)	(406,262)
Depreciation expense	(108,516)	(108,516)
Balance at 31 December 2021	1,054,985	1,054,985

Note 9. Intangibles

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Software - work in progress	608,061	534,704
Software	161,139	-
Less: Accumulated amortisation	(8,057)	-
	153,082	-
Database development	3,192,994	2,713,506
Less: Accumulated amortisation and impairment	(1,450,775)	(1,160,261)
	1,742,219	1,553,245
	2,503,362	2,087,949

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Database development	Software - work in progress	Software	Total
Consolidated	\$	\$	\$	\$
Balance at 1 July 2021	1,553,245	534,704	-	2,087,949
Additions	479,488	234,496	-	713,984
Transfers in/(out)	-	(161,139)	161,139	-
Amortisation expense	(290,514)	-	(8,057)	(298,571)
Balance at 31 December 2021	1,742,219	608,061	153,082	2,503,362

Note 10. Issued capital

	Consolidated			
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares – fully paid	19,334,334	1,000	13,324,021	50,925

	December 2021	June 2021	December 2021	June 2021
	Shares	Shares	\$	\$
	Opening balance for the half-year	1,000	1,000	50,925
Share split on a 36,058.58:1 basis	36,057,584	-	-	-
Issue of share capital on IPO, net of costs	9,333,334	-	13,273,096	-
	45,391,918	1,000	13,324,021	50,925

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 11. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2021	31 December 2020
		%	%
Racing and Sports Pty Ltd	Australia	100%	-
Racing and Sports IP Pty Ltd	Australia	100%	-
Racing and Sports International Pty Ltd	Australia	100%	-
Racing and Sports (Private) Limited	Sri Lanka	100%	-
Racing and Sports Limited	United Kingdom	100%	-

Note 12. Key management personnel disclosures

Compensation

The aggregate compensation made to key management personnel (excluding directors fees) of the consolidated entity is set out below:

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Short-term employee benefits	296,766	61,241
Post-employment benefits	29,760	5,818
Management services	165,500	-
Share-based payments	353,321	-
	845,347	67,059
Payment to management company for professional services	211,329	91,902
	1,056,676	158,961

Note 13. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 12.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
<i>Entities with common directors</i>		
Rental payments	65,432	92,652
<i>Other related parties</i>		
Employment remuneration of related parties	183,225	111,399

Note 14. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
(Loss)/profit after income tax attributable to the owners of RAS Technology Holdings Limited	(1,337,747)	856,008
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	38,018,068	36,058,584
Weighted average number of ordinary shares used in calculating diluted earnings per share	38,018,068	36,058,584
	Cents	Cents
Basic earnings per share	(3.52)	2.37
Diluted earnings per share	(3.52)	2.37

31 December 2020 shares represent on the number of shares after the corporate restructure, actual shares on issue as at 31 December 2020 was 1000.

As at 31 December 2021, there were no options over ordinary shares that were considered to be dilutive. As the Group was in a loss position as at 31 December 2021, diluted earnings per share is the equivalent of basic earnings per share.

Note 15. Share-based payments

The Group has established an Equity Plan to provide long-term incentives to eligible employees, directors and contractors. Under the plan, cash, performance rights, options and shares may be granted to participants. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the half-year ended 31 December 2021, the Group offered and issued options under the Group's Equity Plan and directly to Ord Minnett Limited as part of the lead manager fees outlined in the prospectus.

The vesting of options is contingent on service based conditions. The options will expire 24 months after their vesting dates.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

The options issued to Ord Minnett are on the same terms and valuation as the LTIP options – tranche 1.

Set out below are summaries of options granted under the plan:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Outstanding at the beginning of the financial half-year	-	\$0.00	-	\$0.00
Granted LTIP options - tranche 1	1,218,141	\$1.95	-	\$0.00
Lead manager options	356,072	\$1.95	-	\$0.00
Granted LTIP options - tranche 2	127,389	\$1.95	-	\$0.00
Outstanding at the end of the financial half-year	1,701,602	\$1.95	-	\$0.00

The 1,218,141 LTIP options – tranche 1 and the 356,072 Lead manager options vested are exercisable with the successful completion of the IPO. No options expired during the period.

Share options outstanding at the end of the half-year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options	Share options
			31 December 2021	31 December 2020
23 November 2022	23 November 2024	\$1.95	1,701,602	-

Fair value of options granted

The assessed fair value at grant date of options granted during the half-year ended 31 December 2021 was as follows:

- LTIP options – tranche 1: \$0.27 per option
- LTIP options – tranche 2: \$0.31 per option

The fair value at grant date is independently determined using a trinomial options model in accordance with AASB2 Share Based Payments that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer Group companies.

The model inputs for options granted during the half-year ended 31 December 2021 included:

Input	Value
a) Exercise price	\$1.95
b) Grant date	23 November 2022
c) Expiry date	23 November 2024
d) Share price at grant date	\$1.50
e) Expected share-price volatility	50%
f) Expected dividend yield	Nil
g) Risk-free interest rate	0.06%

The inputs described above applied to all options issued during the half-year.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The Group has recognised an expense for the ZEPO's and performance rights that have been communicated via the prospectus and will be formally granted subsequent to the signing of the financial report.

Note 16. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kate Carnell
Non-executive Chair

21 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RAS Technology Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RAS Technology Holdings (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Other matter - Prior year financial report

The financial report for the year ended 30 June 2021 was audited by another auditor who expressed an unmodified opinion on that report on 20 August 2021.



Other matter - Corresponding half year period

The corresponding figures within the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020 are unreviewed.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten version of the BDO logo in black ink.

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh'.

Clayton Eveleigh
Director

Sydney, 21 February 2022



RACING AND **SPORTS**