



Q3

Report Presentation

 **RAKETECH**



Presenters



Michael Holmberg
Chief Executive Officer



Andreas Kovacs
Chief Financial Officer

Presentation Agenda

01 ABOUT RAKETECH

02 QUARTER REVIEW

03 FINANCIALS Q3 2019

04 GEOGRAPHICAL EXPANSION

05 RESPONSIBILITY

06 KEY TAKEAWAYS

07 Q&A

One of Europe's leading Affiliate companies

"Increasingly diversified business, 54% of revenues related to gaming in Sweden in Q3"



Founded in
2010



Nordics is our core market, growing share in other markets such as UK, Canada, Spain, Germany and Japan



90+
employees
with 15
nationalities



20
key products



+60%
of traffic
from mobile



4 Product categories:

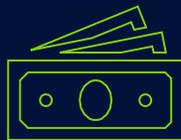
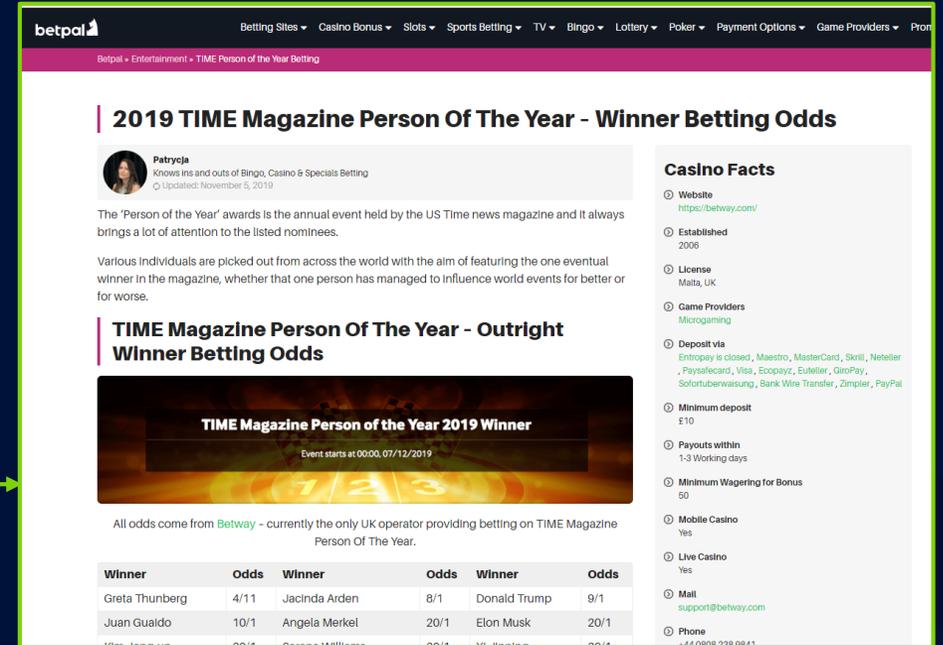
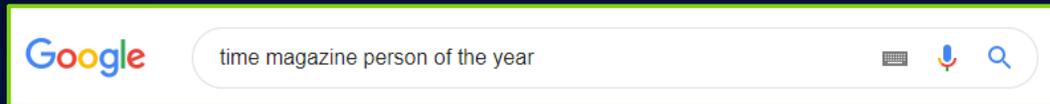
Comparison
Guides
Communities
Social Media



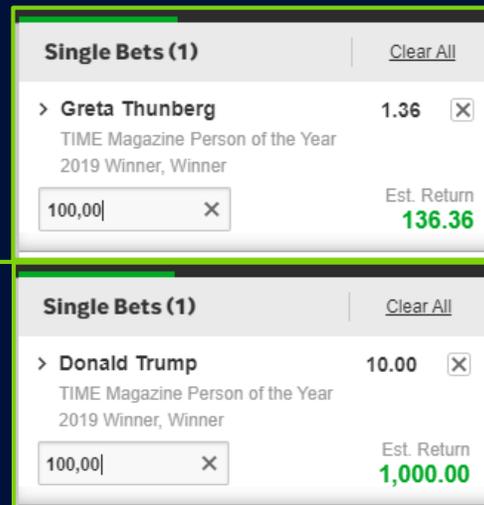
Proven
track-record
of successful
M&A

How our products work

CONSUMER



COMMISSION TO RAKETECH



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A blurred background image of a business meeting. Several people are seated around a table, and a man in a suit is standing and presenting to the group. The scene is dimly lit, with a blue tint.

Quarter review

Quarterly highlights

REVENUES

EUR 6.0m

YoY: **-15.1%**

EBITDA (ADJ.)

EUR 2.7m

YoY: **-34.2%**

EBITDA-margin: **45.5%**

NDC

26,782 NDCs

YoY: **-0.2%**

Cash flow

EUR 3.2m

YoY: **40.7%**

Regulated share

66.1%

YoY: **57.1%**

Business update

- Sweden has leveled out and the number of NDCs QoQ continue to grow
- Acquisition of Casumba Media marks first footprint in Japan
- Management changes to accelerate growth
- Investment to deliver on our global strategy effecting margins negatively
- Successful integration of paid media strategy with positive effect in Germany

Casumba - Japan

- Immediate footprint in Japan
- Large interest from gaming operators
- Founders to continue to develop the products, adding Raketech's technical strength and experience
- Focus to deliver organic growth



Management team changes to fulfil global expansion



Michael Holmberg
CEO



Måns Svalborn
New CFO



Andreas Kovacs
Director of
Business Development



Oskar Mühlbach
COO



Klas Winberg
New CMO



Martin Schillig
HR Director



Johan Svensson
Founder, Board Member
(focus North America)

➤ Highly experienced team including 50+ years from iGaming

Poker Stars

tipico

betsson

Öhman

skandia:

Nordea

LensWay®

expekt™

Pareto

ERICSSON

pwc

catenamedia

mr green

EY
Building a better
working world

FOOTWAY

RAKETECH

A blurred background image of an office meeting. Several people are seated around a table, and one person is standing and presenting. The image is dark and out of focus, with a blue tint.

Financials Q3 2019

Revenue development

“Revenue growth by 5% quarter 3 vs quarter 2 driven by increased amount of NDCs”

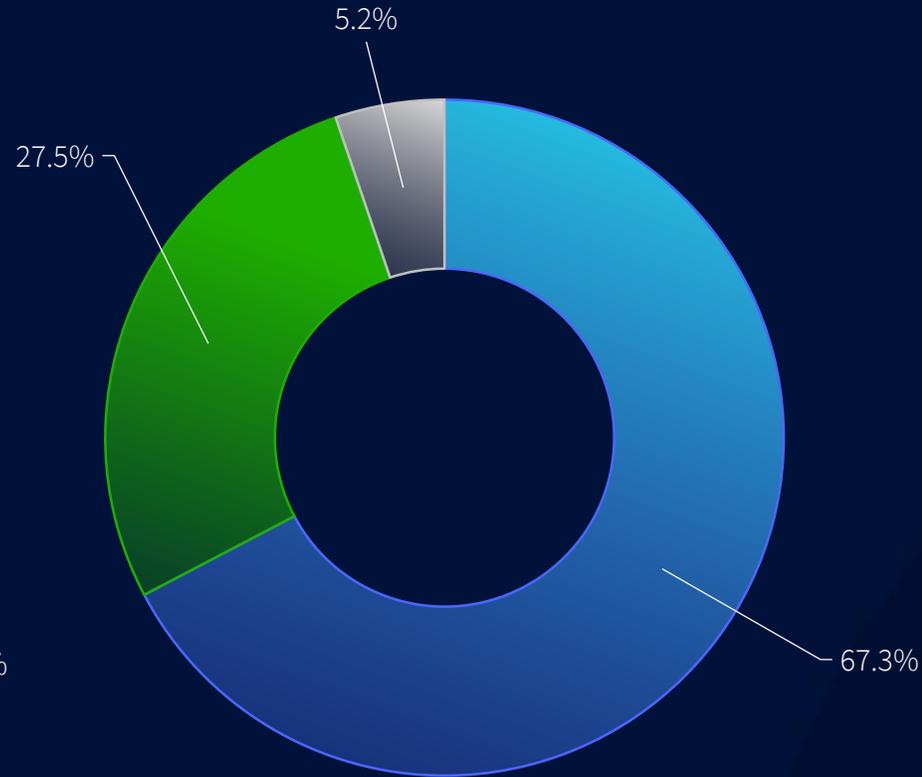
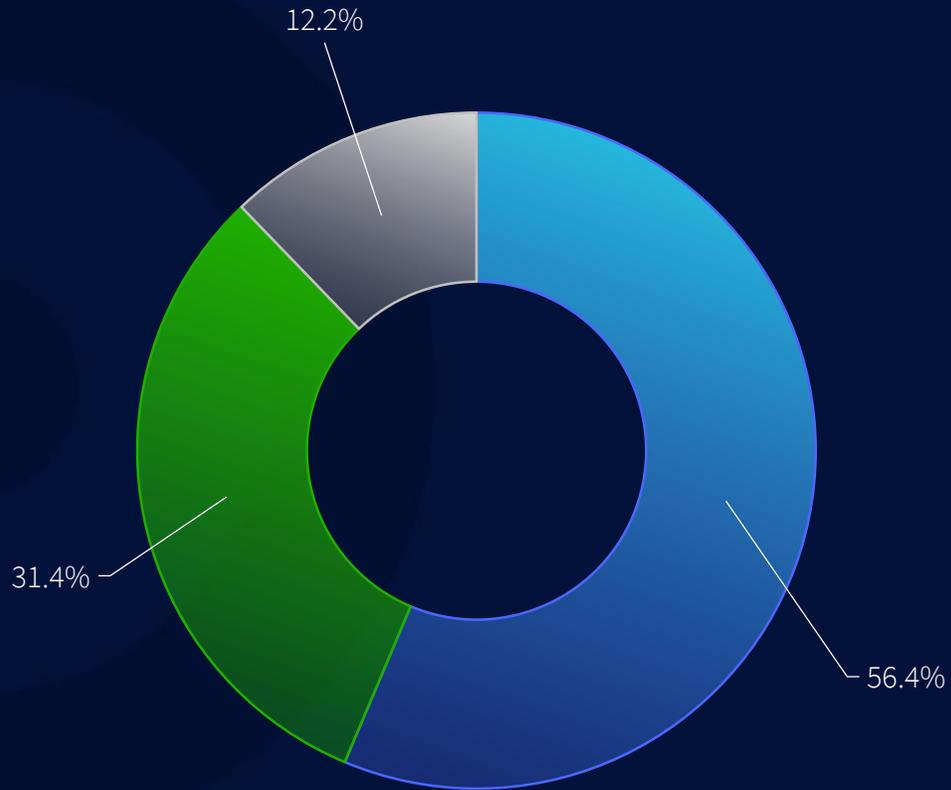
CAGR last 3 years **26%**

Revenue (Eur 000)



Revenue split

“Significant increase in revenue share revenue in Q3 vs Q2, driven by the Swedish market”



- Increase of rev share portion of total revenue by 11% compared to Q2 2019
- Flat fee revenues declined in Q3 compared to Q2 driven by the shift towards revenue share in Sweden
- Sports revenues in Q3 2019 amounted to 28% of total revenue in line with Q2

REVENUE SHARE

CPA

FLAT FEE

CASINO

SPORTS

OTHERS

EBITDA – margin development

“Investments in paid media and technical platforms affecting EBITDA-margin”



1

Increased direct costs are driven by paid media, outside of Sweden, in order to intensify global expansion

2

Personnel costs in relation to revenue decreased by 1.4 pp driven by personnel costs in line with last quarter but an increased revenue

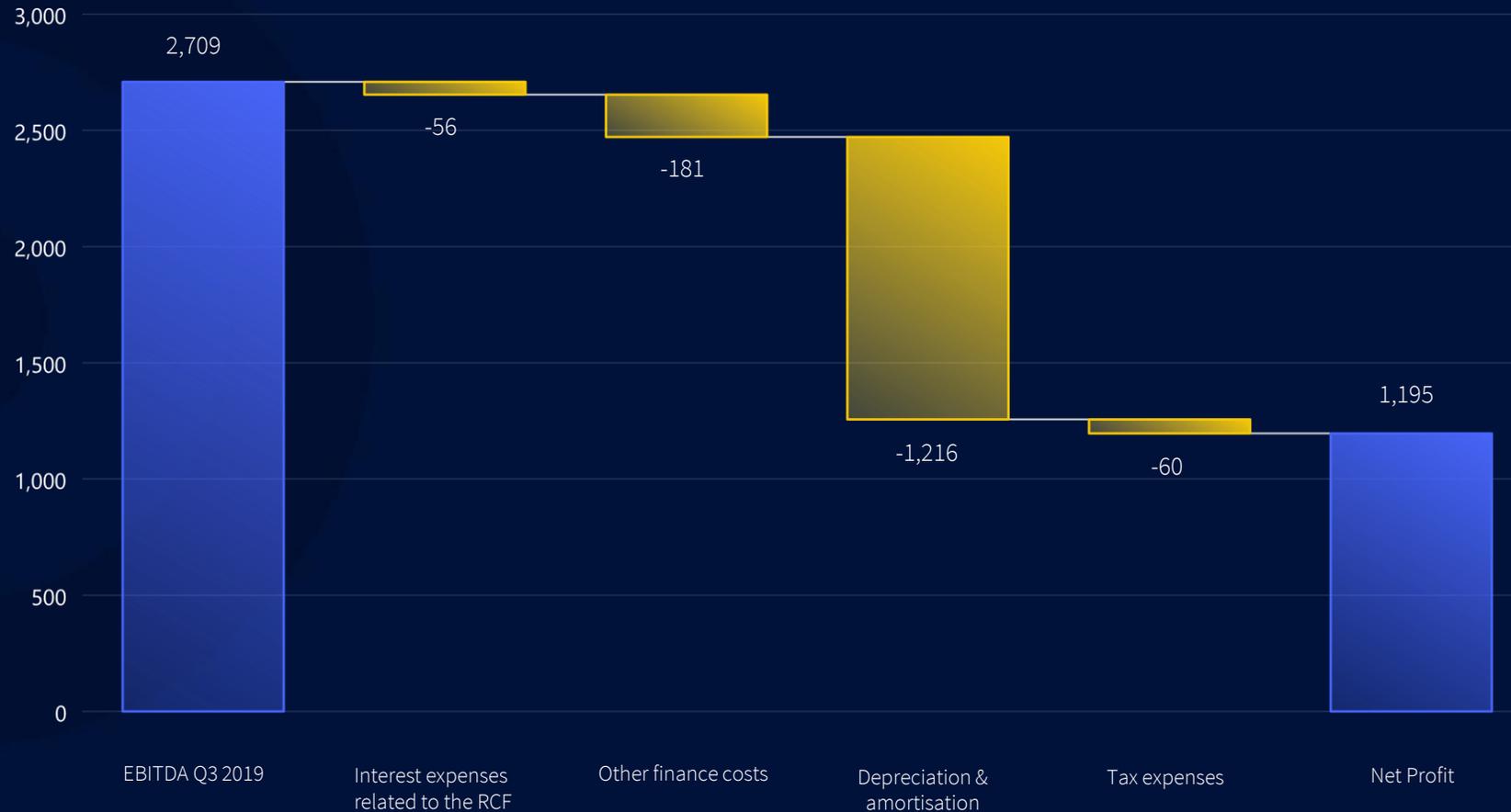
3

Other operating expenses increased by 3.9 pp driven by accelerated investments in technical platforms outside the Nordics

EBITDA to Net profit bridge

“Limited cash effect from cost items below EBITDA”

■ ■ (Eur 000)



- Only cash item below EBITDA relate to interest expenses, which amounted to EUR 0.1m during the third quarter
- Depreciation amounted to EUR 1.2m for the quarter, increase compared to Q2 is primarily driven by the acquisition of Casumba Media
- Reported earnings (net profit) for the quarter amounted to EUR 1.2m

Statement of financial position

- Total assets amounted to EUR 80.3m, consisting mainly of Intangible assets, primarily related to websites, domains, intellectual property and player databases
- Cash and Cash equivalents amounted to EUR 3.6m at the end of the quarter
- Borrowings related to the utilized amount of the loan facility from Swedbank, amounted to EUR 3.4m
- Amounts committed of EUR 8.8m consist of the expected earn out liabilities, increased earn out amount for the quarter relate to the latest acquisition of Casumba Media Ltd.

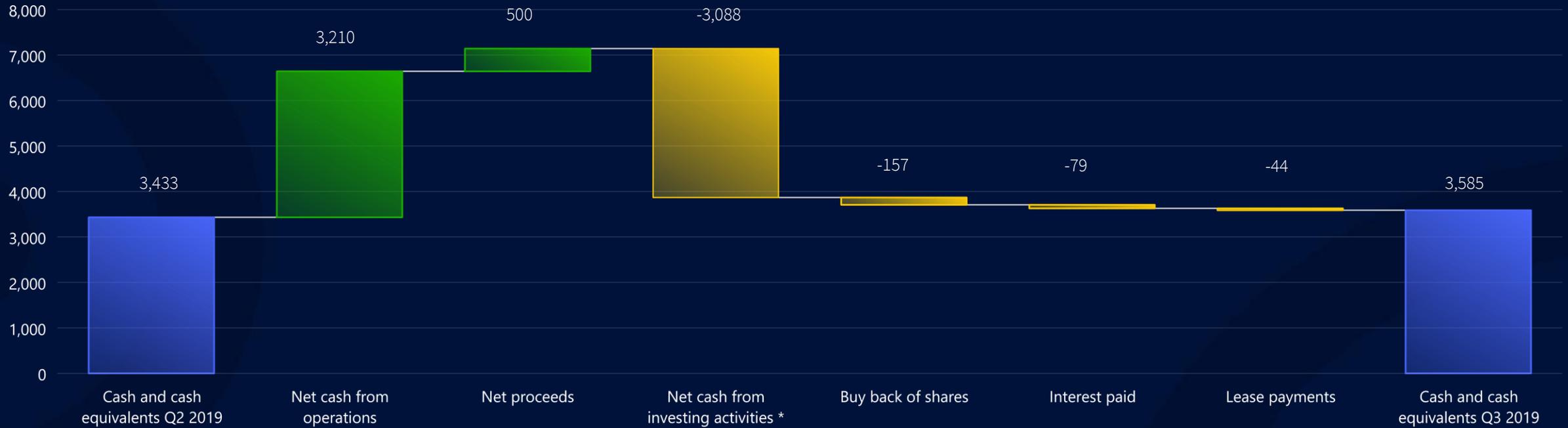
BALANCE SHEET | 30 Sep 2019



Cash flow bridge Q3 vs Q2 2019

“Continued strong operational cash flow with strong cash conversion of 1.2x EBITDA”

(Eur 000)



1

Strong operational cash flow during the quarter amounting to EUR 3.2m driven by a positive working capital evolution

2

Investing activities relate primary to the acquisition of the Casumba Media during the third quarter of EUR 2.0m

3

During the third quarter repurchased amount of treasury shares amounted to EUR 0.2m, in line with the communicated share buy back program

4

Interest and lease payments during the quarter amounted to EUR 0.1m. Significantly lower interest costs due to lower interest rate compared to last year

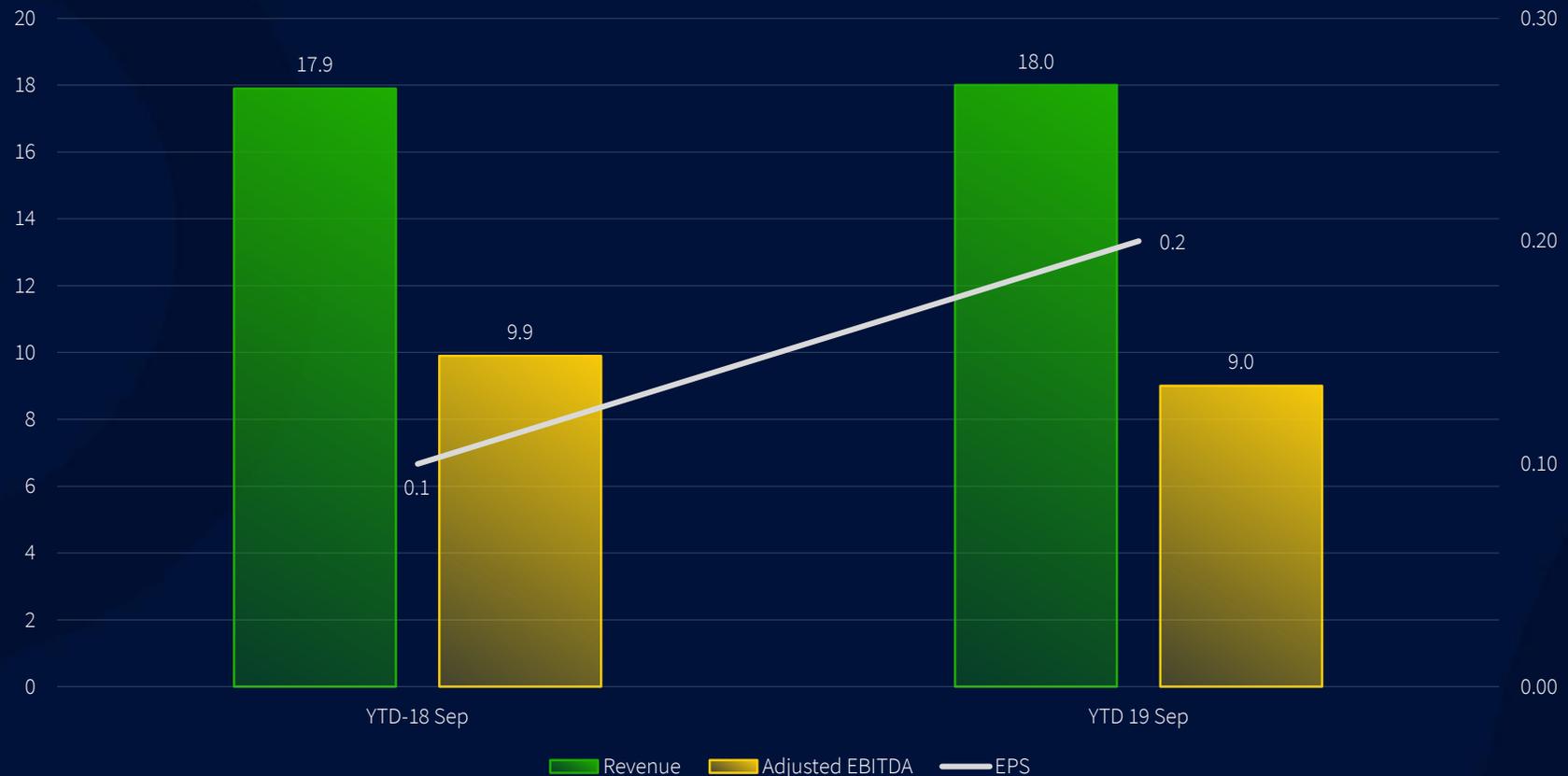
*Investing activities include buy back of NCI

Where are we after the first nine months of 2019?

“After the first nine months we are in line with last year’s revenue level and reached a significant growth in EPS”

(Eur in million)

YTD18 Sep vs YTD19 Sep



(Eur)

Despite the tougher market situation in our largest market, Sweden:

- Revenue in line with last year’s
- Amount of NDCs up 26,4%
- Earnings per share up 101%

Summary

Geographical expansion in focus 2019-2020

We are dedicated to iGaming globally

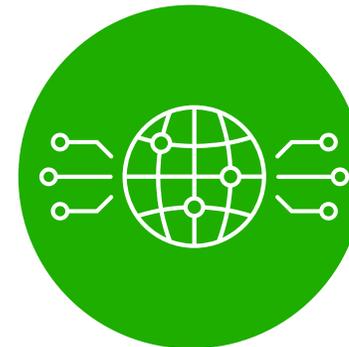
- Target markets that are *important to our customers*
- 3 continents
- New markets with the *highest digital growth rate*



iGaming



Global



Digital

Responsibility

What we do



What we don't do

- ✗ We never encourage gambling in ways that appeal to children, young people or vulnerable adults
- ✗ We never send emails that intentionally impersonate an iGaming operator
- ✗ When promoting partners, we do not use the following marketing channels : pop-uppers and SMS marketing
- ✗ We never endorse risking excessive stakes
- ✗ We avoid images that might appeal to minors and the likeness of anyone who seems to be under 25 years old in any marketing content

Rakotech is a forerunner in the affiliate industry with regards to being compliant and working closely with the operators

Key Takeaways

- Sweden has leveled out
- Good underlying NDC growth
- Geographical expansion in focus, 10% revenues outside Nordics
- Confident in long-term opportunities, 2020 to get extra support from UEFA European Championship

Q&A

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