

RAKETECH

Q3 Report Presentation

Presenters



Oskar Mühlbach
Chief Executive Officer



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Chief Financial Officer

Agenda

01. Highlights

02. Financials Q3 2020

03. Key takeaways

04. Q&A

Q3 Financial Highlights

REVENUE
EUR 7.4m

YoY +23.9%
QoQ +5.1%

EBITDA
EUR 2.9m

YoY +8.3%
QoQ +3.8%

**ORGANIC
GROWTH**

YoY +3.2%
QoQ +5.1%

NDC
52,344

YoY +95.4%
QoQ +28.1%

- Strong overall growth primarily driven by acquisitions
- Positive organic growth despite Swedish re regulations and reduced sports betting activity
- Stable EBITDA, slightly over previously communicated estimates despite increased op investments
- OUTLOOK October - revenues EUR 2.6m

Market Highlights

Strong position despite Swedish regulations

- Black market is booming
- Large operators struggling
- Players hopping around
- Raketech's offering is considered as safe and strong

Sports betting slowly returning

- Revshare databases show ok development, but sports revenue from new players not back to pre Corona levels
- Continuous hesitance towards brand re-enforcing marketing investments
- Significant increase in traffic to sports assets after low during summer Covid outbreak.

70%

Problem gambling originates from black market

+200%

Traffic increase QoQ, to TVmatchen

Business Highlights

5-10%

Est. US share of group total in Q4 2020

**EUR
4.2m**

Total selling price

Let's make America Rake again!

- 3 additional licences > 7 licences so far
- HowToBet.com's first NDCs generated
- Several local campaign assets launched and NDCs generated
- Experiments and fine-tuning of paid traffic efforts
- US version of Tvssportsguide.com launched
- Acquisition of AmericanGambler.com completed

Finance vertical divesting

- Easy to standardize and automate which is key for benefits of scale when growing
- Clear equity story, easier to predict/understand
- Additional ammunition for continuous M&A and growth investments
- + 2X ROI, including operational cash flow and initial investment of EUR 3.8m.

American Gambler – strategic rationale

The facts

- Fast growing, high quality US sports asset
- Current run rate appr. 150k per month
- Current growth rate 30-50%

The opportunity

- Raketech commercials
- Multi state roll out
- Casino revenues to be added
- Additional sales channels available

The industrial logic

- Central infrastructure and automation
- Unlimited access to resources, knowledge, tools etc
- Part of US portfolio sales offering
- Organic US market knowledge added to Raketech



American Gambler – tactics and timeline



Platforms and integration
Commercialisation
Multi-state roll out

Year 1



+ Tailored local states assets

Year 2



Full integration and continuous improvements

Year 3+



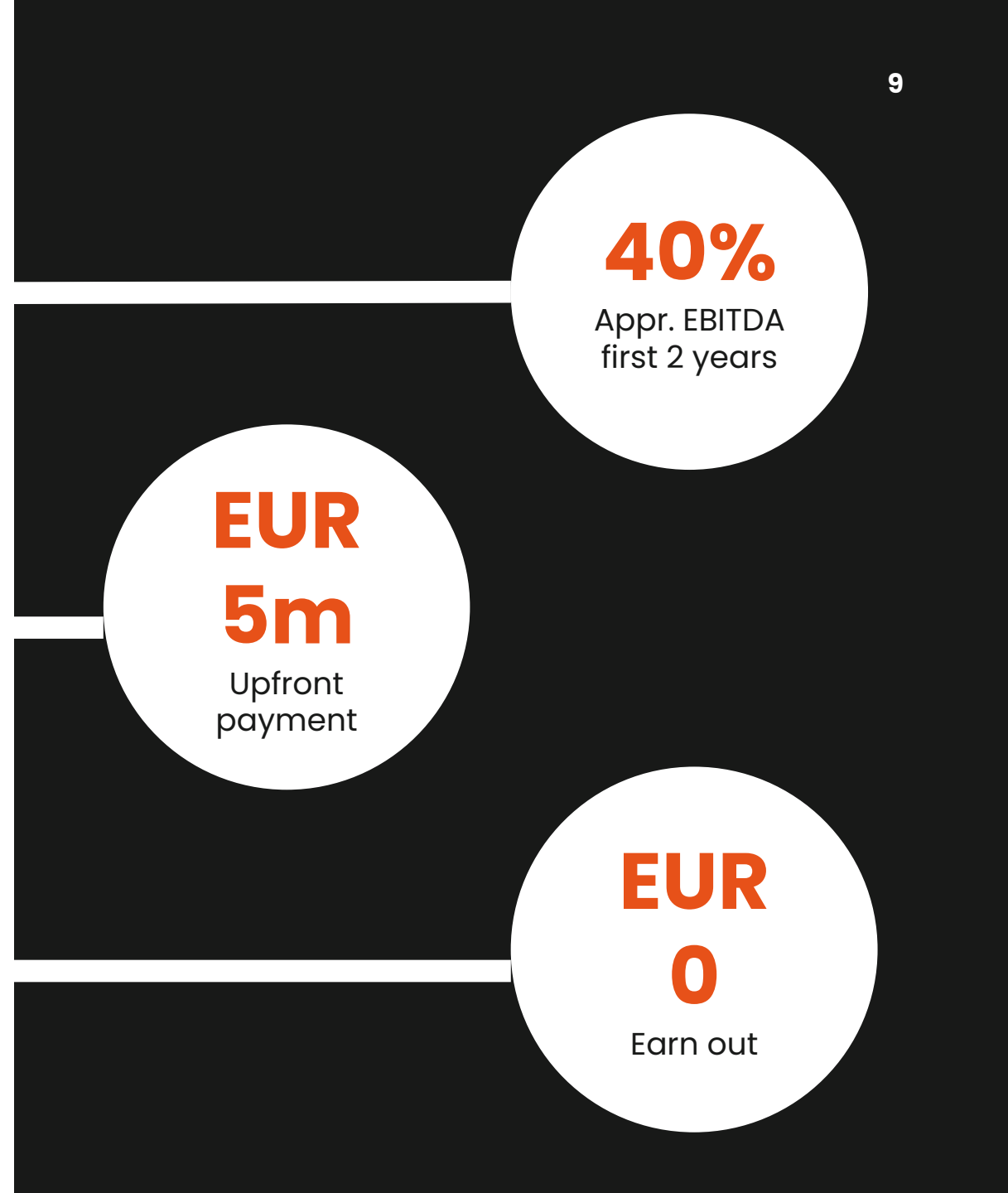
Accelerated growth
Business development and improvements
EBITDA slightly below 40%



Growth in line with financial targets and EBITDA well above

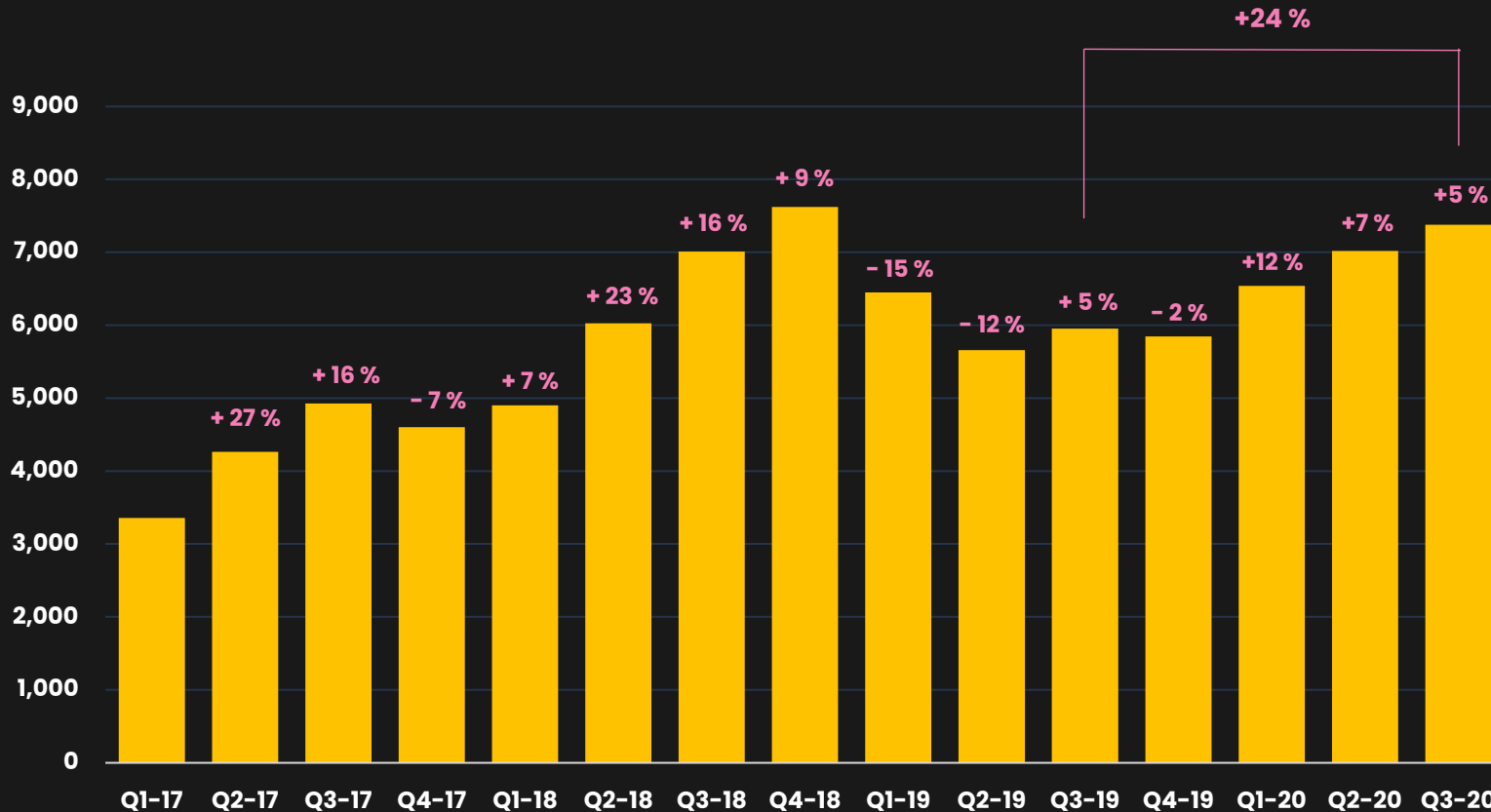
American Gambler – deal basics

- EUR 5m paid upfront, taken from current cash
- No earn out in balance sheet or non performance based commitments
- Costs for growth above EBITDA instead of below
- Generous profit sharing first 2 years to maximize growth
- Long term consultancy agreement with minimum growth targets to secure long term success



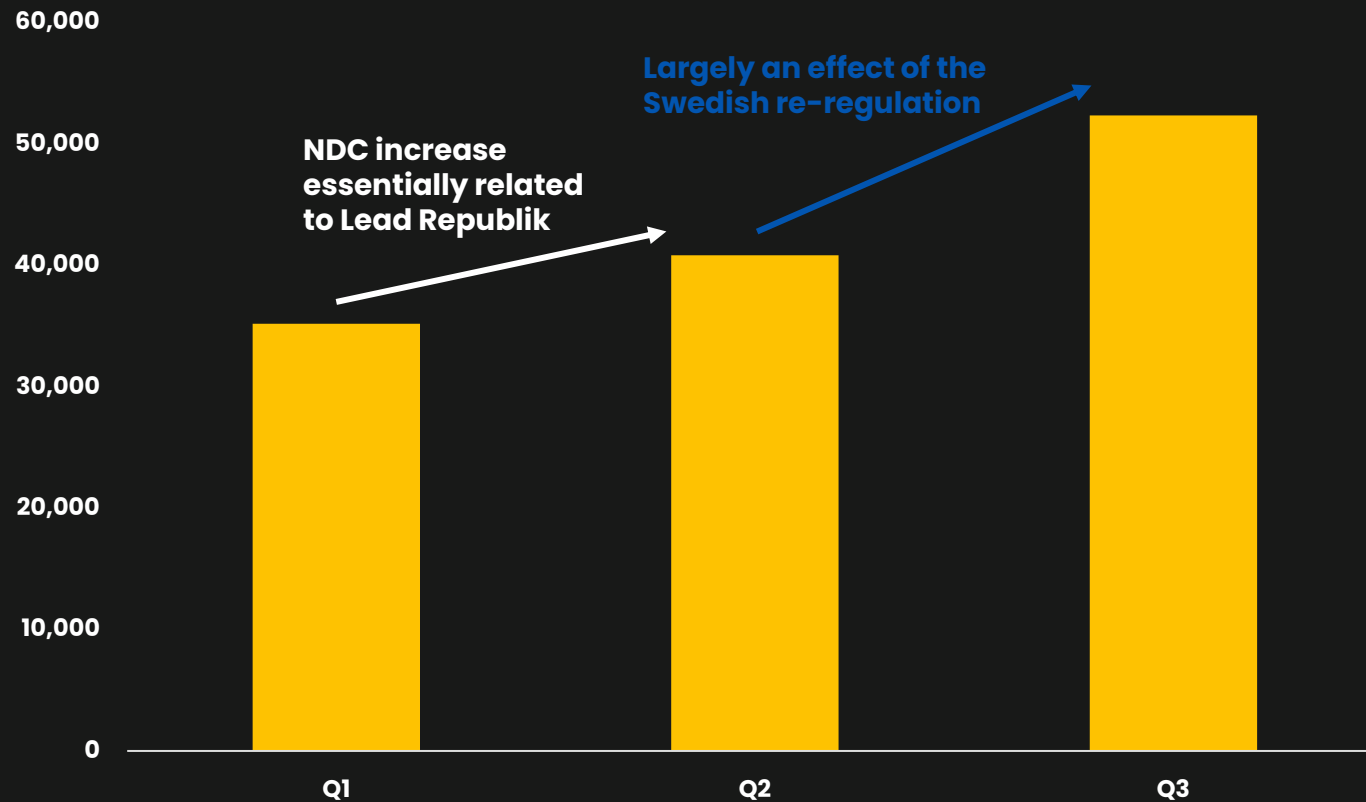
Financials Q3 2020

Revenue development



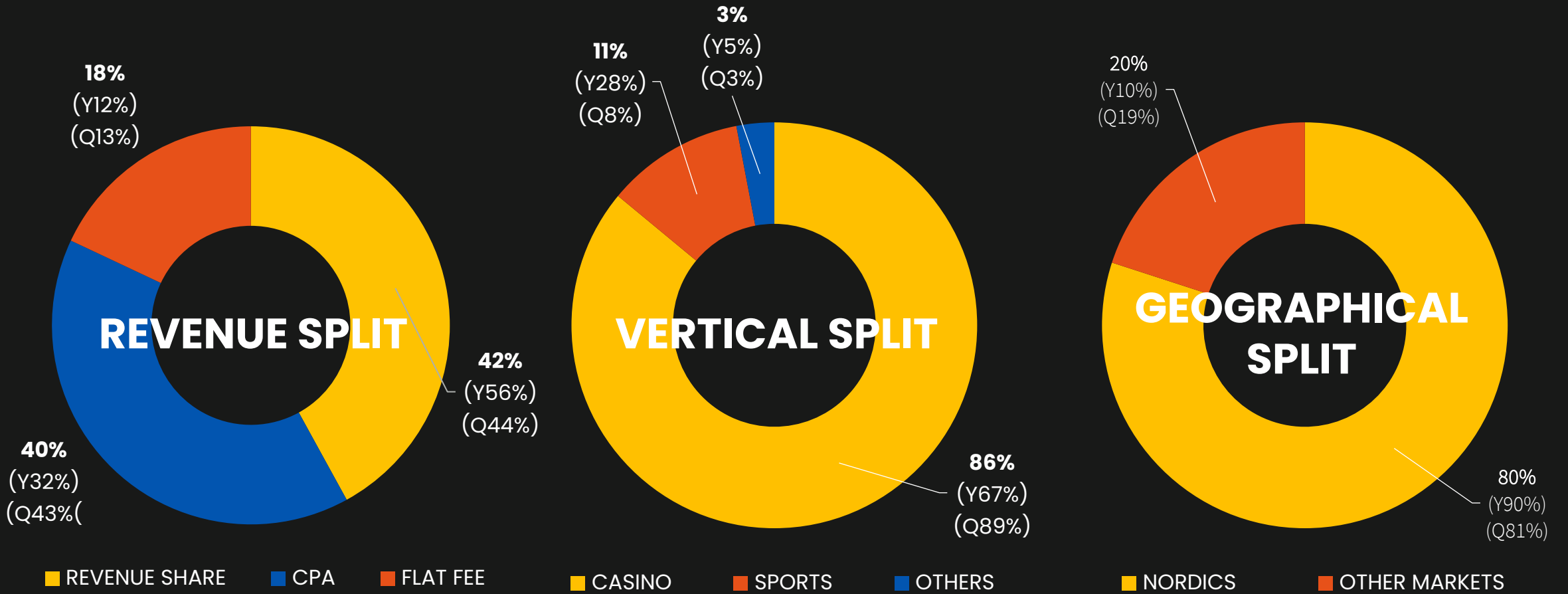
- Largely acquisition driven revenue growth of **24%** YoY
 - Organic growth of **3%** despite cancelled sport events
- Revenues improve with **5%** from Q2, 2020
 - Casino assets performing well
 - Sports recovering slightly
 - Lead Republik solid finish for the quarter

NDC development

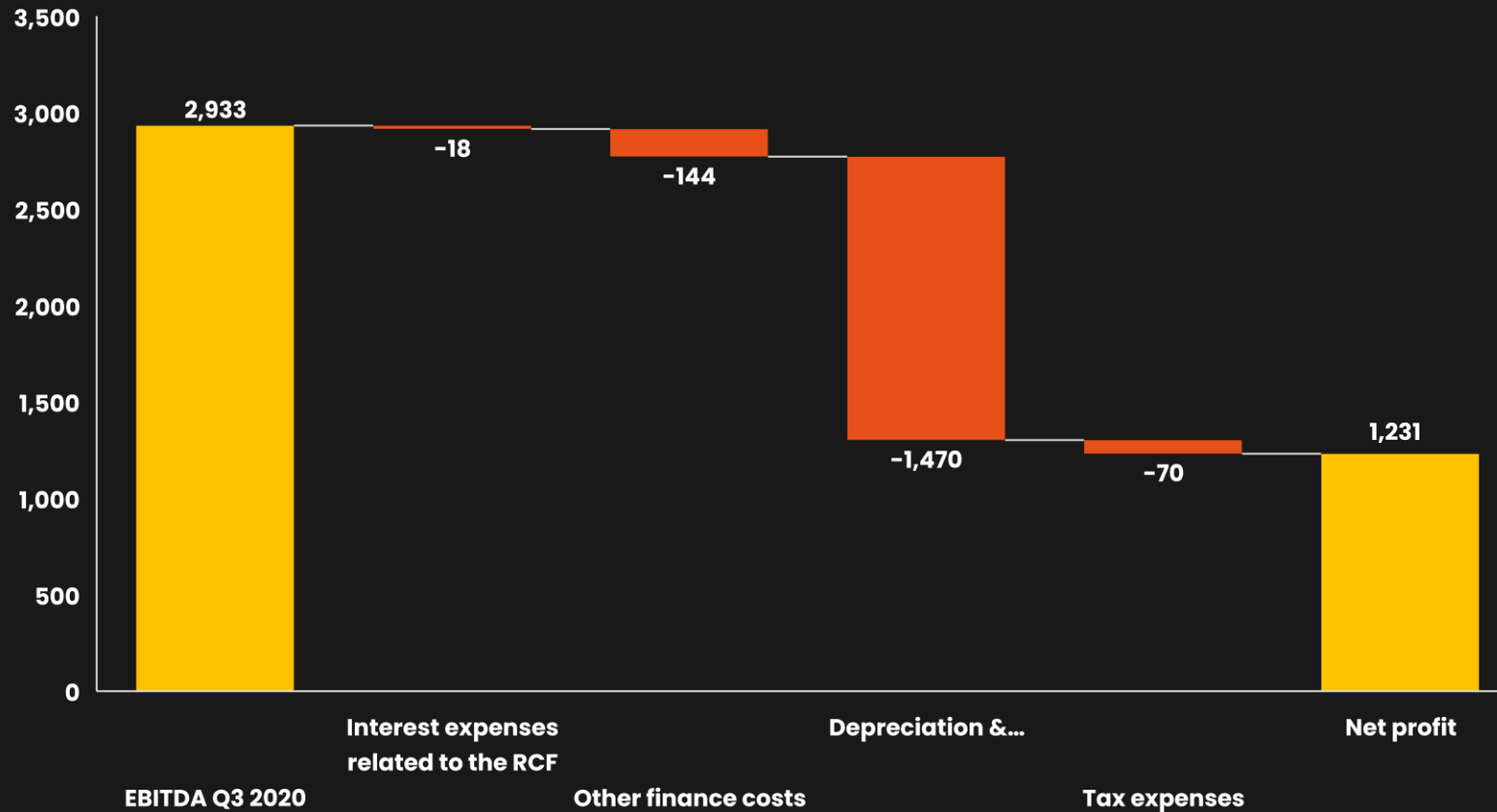


- Lead Republik driving increase in NDCs as from Q2
 - Lower margin NDCs
- Swedish re-regulation boosted NDC intake in Q3
 - Increase in number of active player accounts

Revenue split

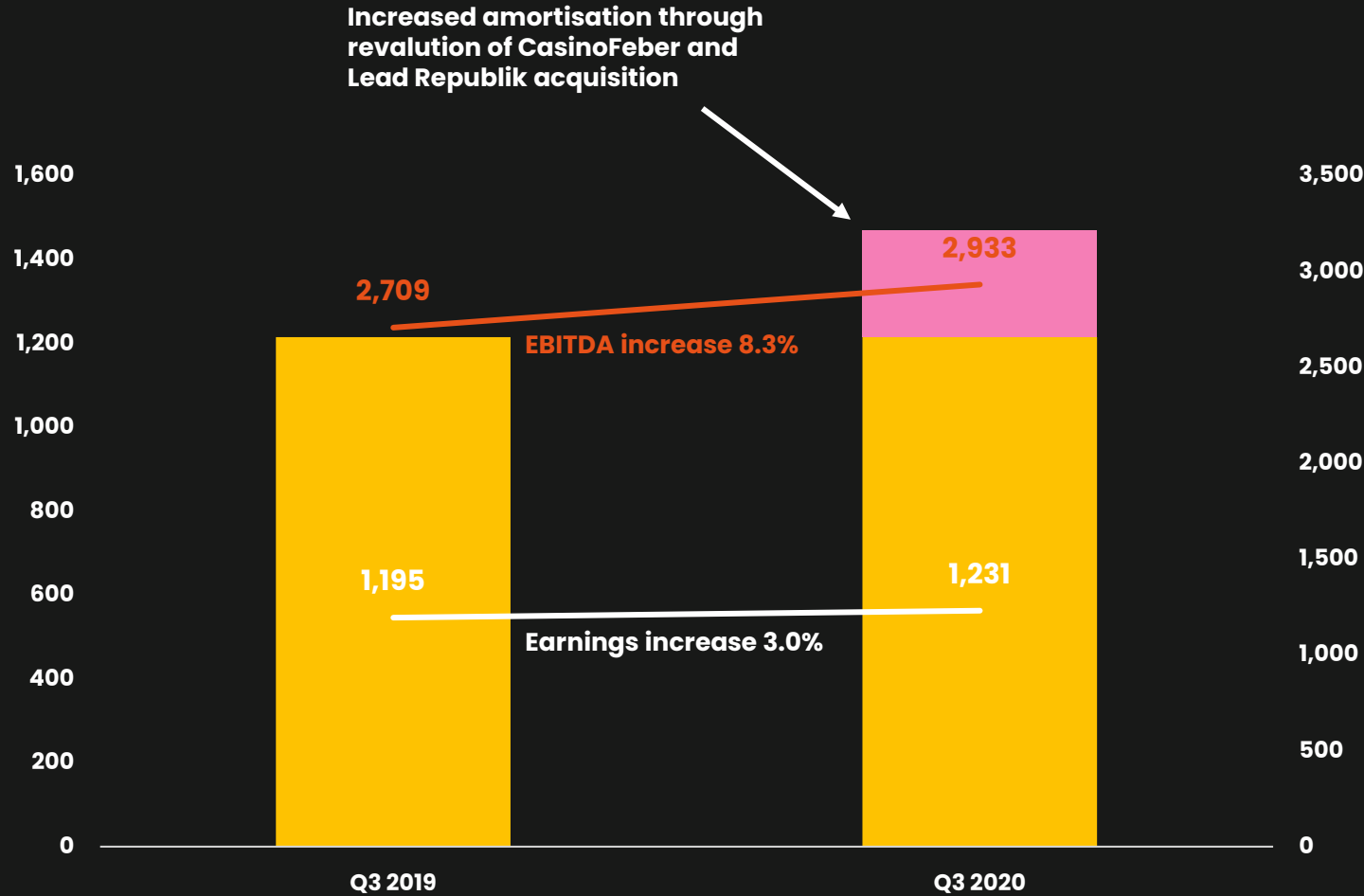


EBITDA to net profit bridge Q3



- Only item below EBITDA with cash flow effect relate to loan facility interest expense, which amount to EUR 0.02m during the quarter
- Depreciation amounts to EUR 1.5m for the quarter
- Reported net profit for the quarter amounted to EUR 1.2m

Depreciation & Amortisation

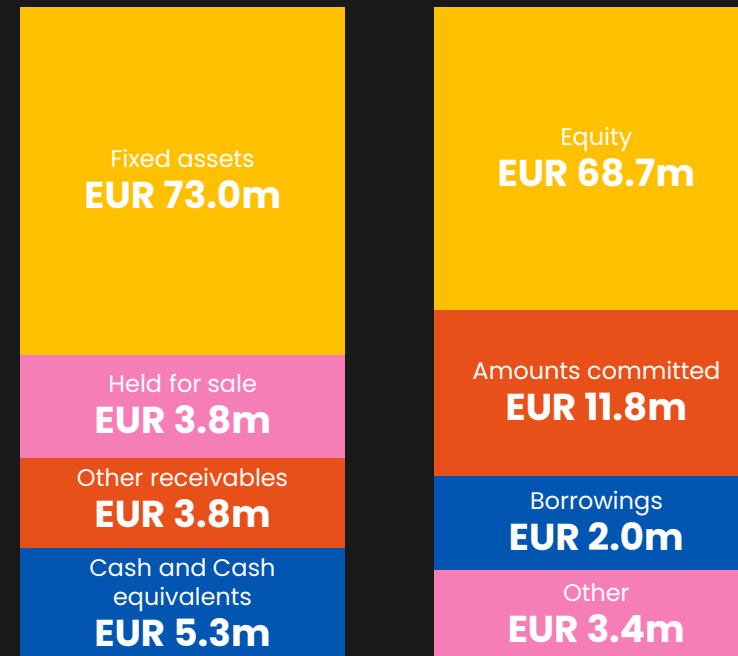


- Amortisation are **non-cash** affecting transactions **and ensures a fair value** of our intangible assets
- A general approach adopted to be **prudent** with capitalizing expenses relating to development

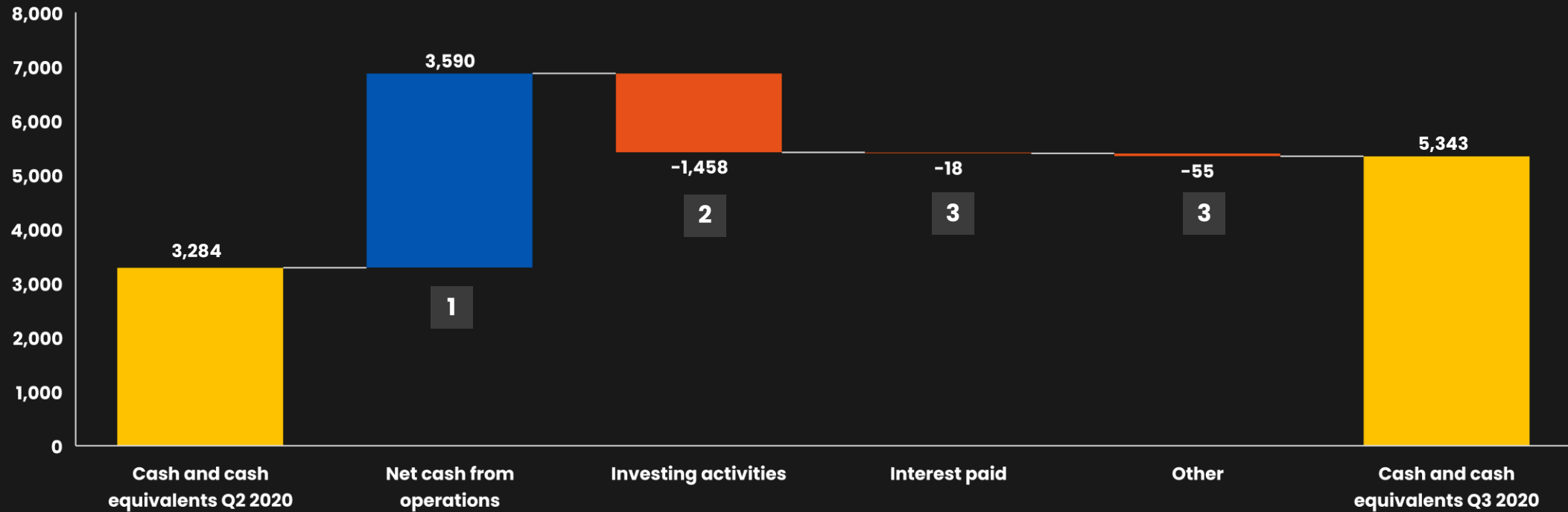
Statement of financial position

- Total assets amounted to EUR 86m, consisting mainly of Intangible assets primarily related to websites, domains, intellectual property and player databases
- Finance Vertical classified as Held for sale
- Cash and Cash equivalents amounted to EUR 5.3m at the end of the quarter
- Borrowings related to the utilized amount of the loan facility from Swedbank amounted to EUR 2.0m
- Amounts committed of EUR 11.8m consist of expected earn out liabilities. CasinoFeber revalued as performance continues to be strong

BALANCE SHEET | 30 Sept 2020



Cash flow bridge Q2 vs Q3 2020



1

Increased operational cash flow, driven by higher profitability and to some extent timing effect for trade payables

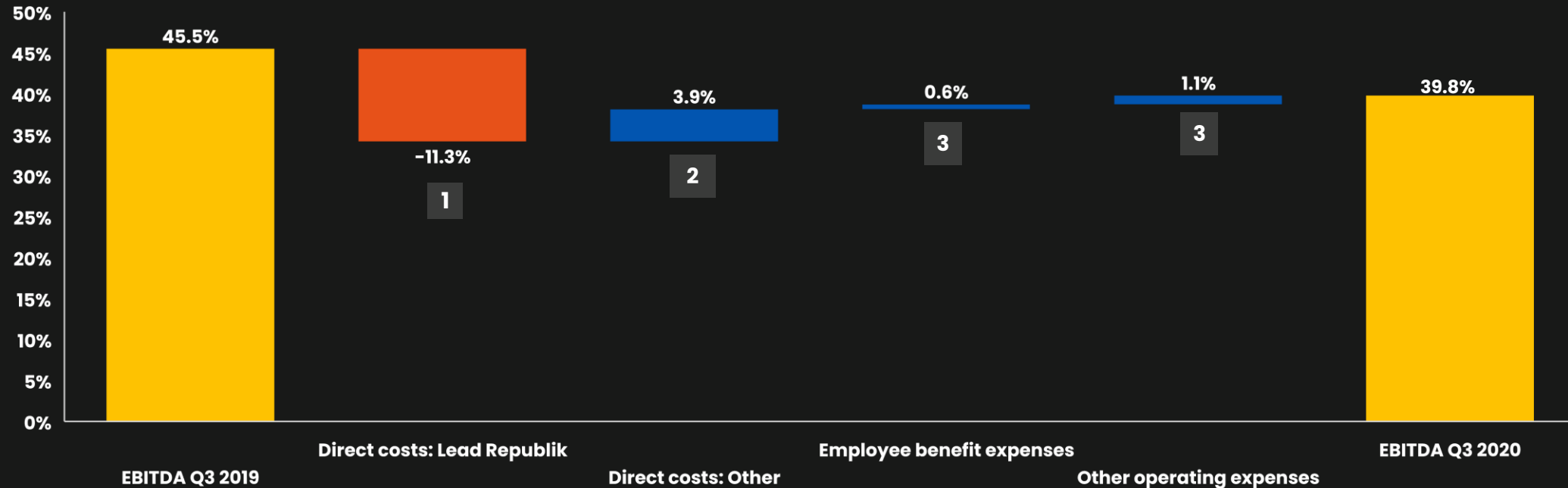
2

Investing activities relate to earn-outs during the quarter

3

Interest and lease payments during the quarter amounted to EUR 0.1m

EBITDA-margin Q3 2019 vs. Q3 2020



1
 New product categories; Lead Republik and Paid Media

2
 Current level is scalable and EBITDA margin improves with increased revenues

3
 Scalable costs and EBITDA margin improves with increased revenues

EBITDA-margin Q2 vs. Q3 2020



1

Slightly higher Direct costs but scalable and EBITDA margin improves with higher revenues

2

Higher revenues with stable and scalable Personnel costs improve EBITDA

3

Increased provision for trade receivables and development costs

Key takeaways

Key takeaways

Strategic goals

- Presence on 3 continents
- 4-5 Flagship assets
- 4-6 product categories
- ➔ <60% from single vertical

Financials

- 23.9% growth YoY and 5.1% QoQ
- Organic growth 3.2% YoY
- Sports revenues still reduced due to Covid
- Stable EBITDA level

Events and Milestones

- Non-Nordic revenues 20%
- American Gambler acquisition
- Finance vertical divested
- First NDCs from own built US assets
- US TVsportsguide launched

Outlook and way forward

- October revenues 2.6m, EBITDA in line with Q3
- Volatility expected with regards to Covid-19
- Unpredictability in Sweden due to legislation
- Increased investments in geographical and product expansion over next 2-3 quarters might lower EBITDA slightly
- Intensified M&A agenda

Q&A

Thank you!

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