

RAKETECH

Q2 2024 Report Presentation

RAKETECH

Q2 2024

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Johan Svensson
Chief Executive Officer



Måns Svalborn
Chief Financial Officer

Q2 Financial Highlights

NAVIGATING A CHALLENGING QUARTER, IN LINE WITH EXPECTATIONS

- Group revenue totaled EUR 17.0 million, an organic decrease of -3.7% Y/Y
- EBITDA of EUR 4.4 million, a decrease of -20.3% Y/Y

- Revenues in July amounted to EUR 4.6 million - Reflecting weak performance in Sub-affiliation, specifically for Raketech Network (paid) where some of our largest publishers had operational challenges. Sub-affiliation has lower margin compared to Affiliation marketing. We expect the revenue decline within Sub-affiliation to recover during the rest of the quarter

- We further specify the full year guidance of around EUR 20 million to a range of EUR 17 million to EUR 19 million in adjusted EBITDA. Free cash flow before earnouts is estimated to come in just below EBITDA

17m

REVENUE

Y -3.7%
Q -10.6%

4.4m

EBITDA

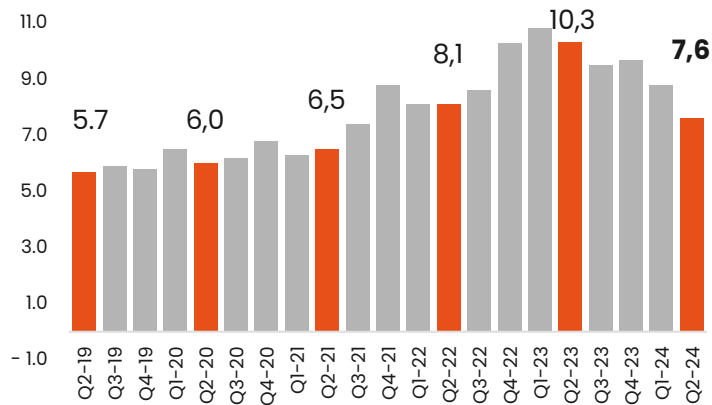
Y Adj. -20.3%
Q +2.2%
Q Adj. -13.6%

Q2 Performance by business area

Affiliation Marketing

Performance marketing and lead generation provided for operators via Raketech owned assets. CPA, Revshare, Listing fees

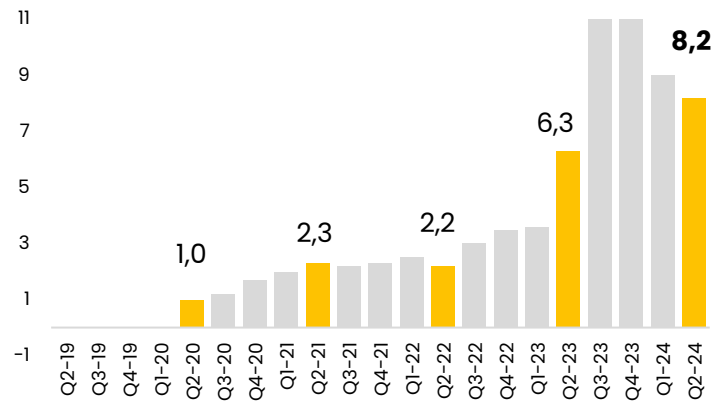
- **Negative organic revenue growth by -25.9%**
- **Mainly affected by continued weak performance from our Casumba assets**



Sub-affiliation

SaaS and managed solutions for administration, data analytics, reporting, payments and compliance for affiliates and operators. Commission + fees

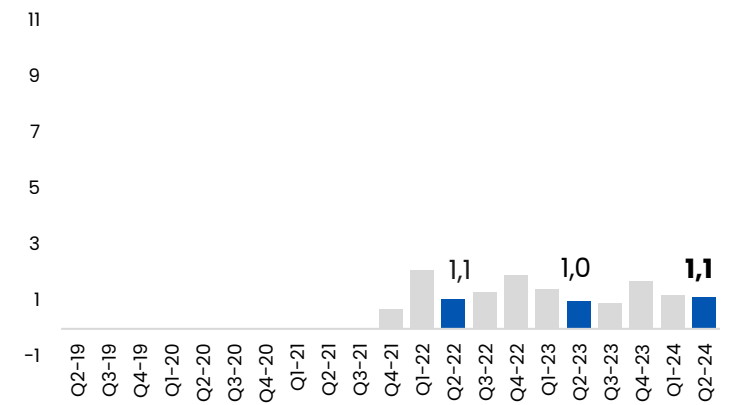
- **29.7% organic revenue growth**
- **Both Raketech Network and Affiliation Cloud continued to deliver year-on-year organic growth**



Betting tips and subscription

Consumer services, tailored sports data insights, analytics and predictions for engaged bettors. Subscription fees and win-share

- **15.9% organic revenue growth for betting tips and subscription**
- **Advisory business divested during July**



Business update – Affiliation Marketing

Affiliation Marketing

Swift response to recover from Google Core update

- ✓ **Casumba Earnout Completed (July 31st):** The Core team including the Founders are still intact
- ✓ **Swift Response to Google Core Update:** Comprehensive business audit done of Casumba assets and mobilized internal resources led to several initiative such as improved content, keyword diversification, technical product improvements, SEO optimization and the overall user experience
- ✓ **Reduce SEO Dependency and Expand CRM Efforts:** Strategic initiative to increase CRM activities through customized partnerships with operators and tailored marketing to boost customer engagement and add additional conversion opportunities
- ✓ **Growth in Sports Vertical:** High-traffic sports assets achieved double-digit growth in Q2, driven by performance improvements, new content and focused sales efforts
- ✓ **Sports Event-Driven Success:** Strong sales and traffic during UEFA Euro. Several operators have shown interest in continued partnerships

Business update – Sub-affiliation

Sub-affiliation

First exclusive partnership
launched in Q2

- ✓ **Raketech Sub-affiliation:** Achieved year-on-year organic growth in Q2 on Raketech Network and AffiliationCloud, with a small decrease for Raketech Network compared to Q1 due to operational challenges for some of our larger publishers
- ✓ **First Exclusive partnership live:** We launched our very first fully exclusive partnership during the quarter with the new Swedish operator, Spelklubben, which means that all affiliates who likes to promote the brand needs to go through Affiliation Cloud. We are also in dialogue with several other operators about similar partnerships
- ✓ **US Sub-affiliation:** Launched in March with continued development during Q2

Business update – Betting tips & subscriptions

Betting tips and subscription
Strategic Divestment & Focus on Core US Operations

Background & Context

- Acquired ATS Consultants Inc. in Dec 2021, including high-value lead-generating sports tipster websites
- Strategic review identified significant potential to increase conversions online via subscriptions and affiliation, whereas our manual advisory operations were deemed non-core and underperforming





Key Actions & Results:

Divestment Details:

- Sale of tipster advisory operations to management for USD 2.25M (partial upfront + revenue share) with transaction close by July 31
- Exclusive lead generation deal worth USD 250k over 12 months
- One-off non-cash impairment charge of EUR 10M

Strategic Focus (Plan forward):

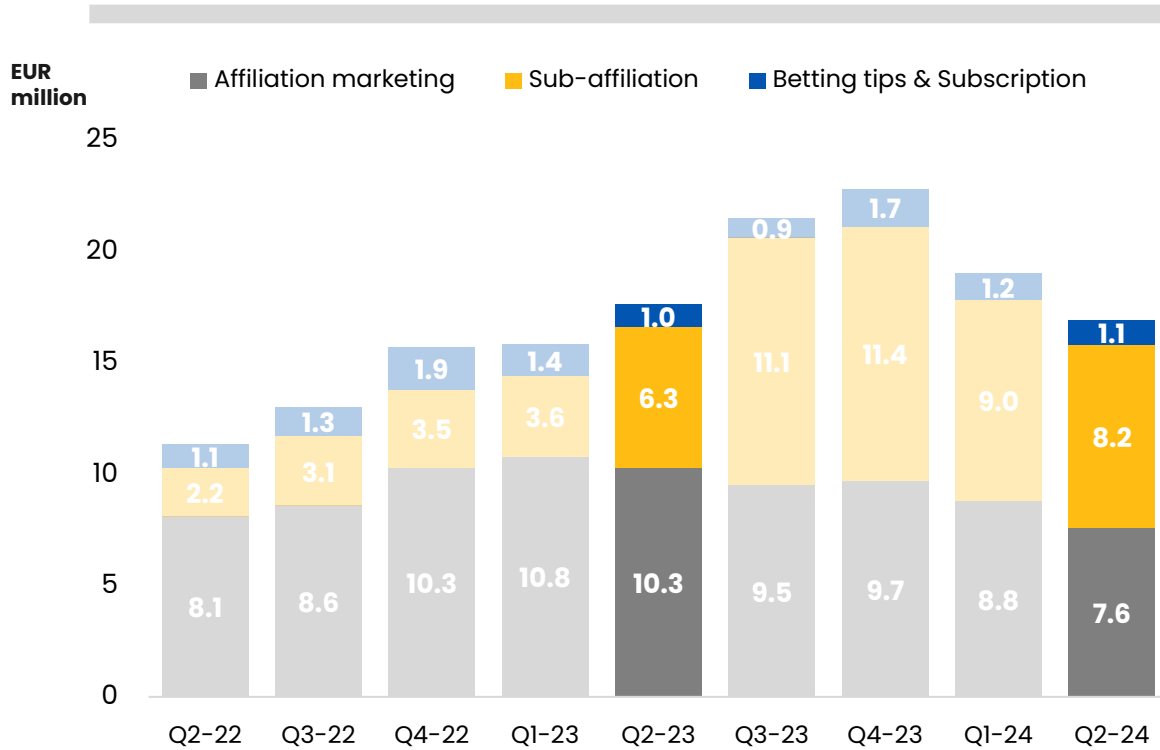
- Optimize online conversion on US flagship assets with 50M sessions
- Maximize growth in digital subscription and affiliate marketing. Expand sub-affiliation marketing and partnership revenue streams

USERS	WEBSITES	REVENUE STREAMS	STATUS
 50 Million Sessions	  	<p>Digital (Online)</p> <ul style="list-style-type: none"> ✓ Picks & Predictions (paid subs.) ✓ Affiliate Deals ✓ Advertising - Programmatic and Direct Deals ✓ Upselling activities - CRM 	<p>Retained & Growing</p> <hr/> <p>Sold & Declining</p>
		<p>Advisory (Offline SMS/Phone)</p> <p>Sign up with phone number</p> <p>→ Sales Calls</p> <p>→ Convert offline</p>	

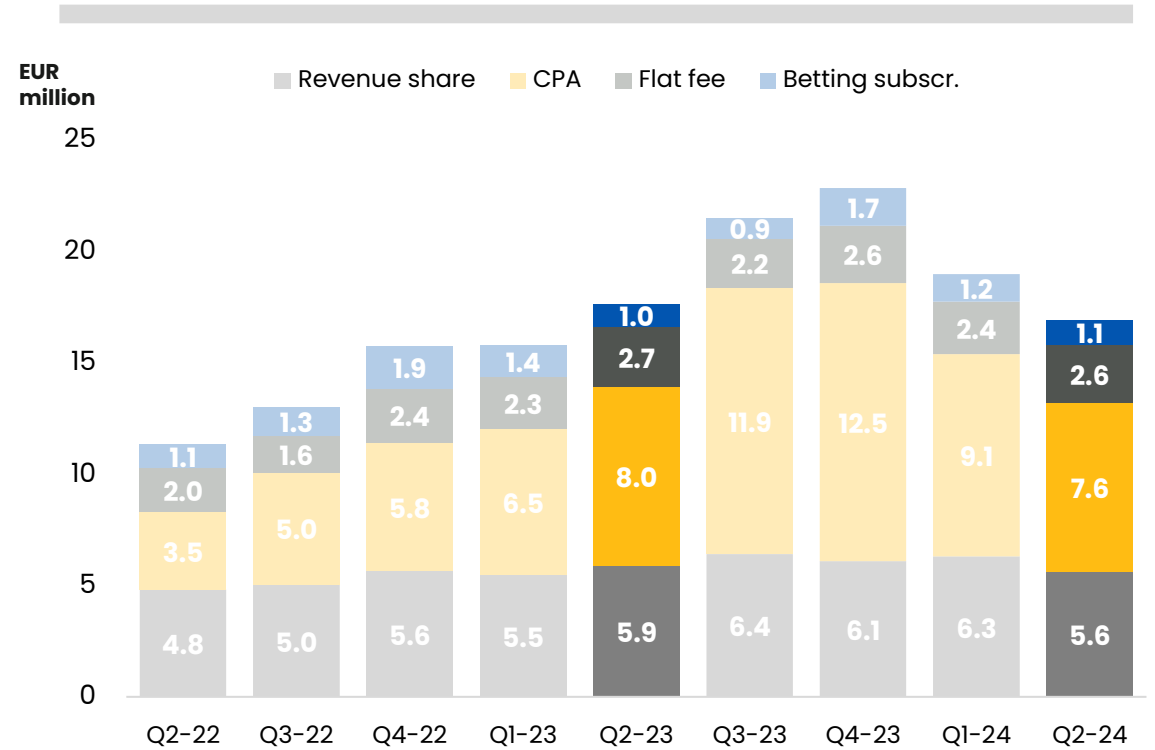
Financials Q2 2024

Continuously low performance for Casumba

Revenue streams



Revenue mix

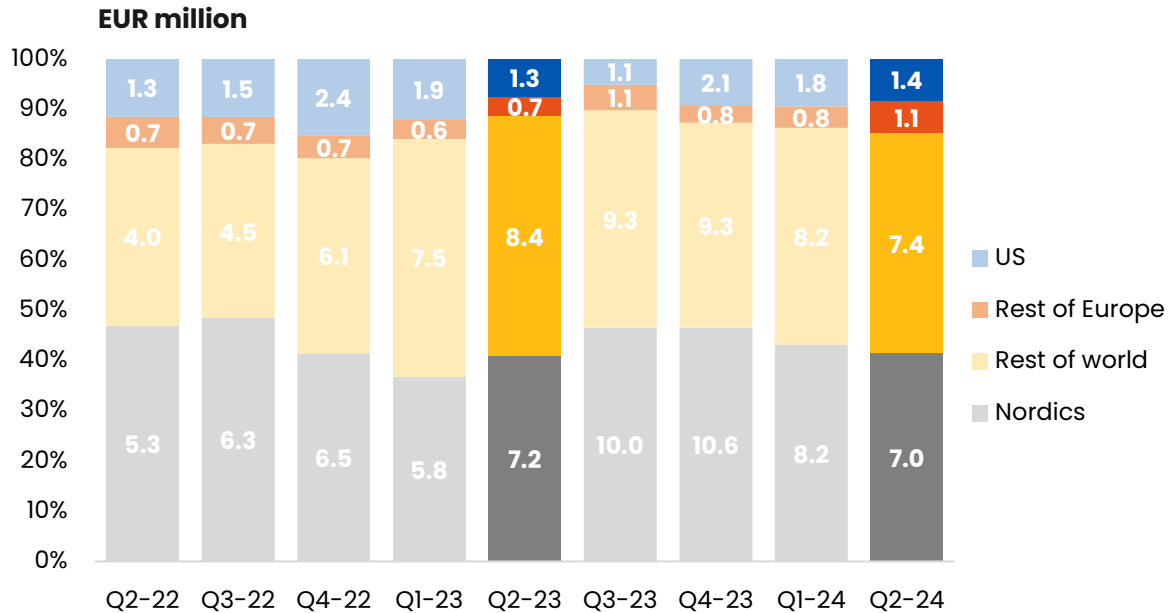


- **Affiliation marketing** at 45% of total revenues in Q2, Casumba assets stabilizing but at lower levels, Sweden with modest decline while sports had a good development.
- **Sub-affiliation** at 48% of total revenues, sequentially lower but positive outlook.
- **Betting tips & subscription** at 7% of total revenues.

- Stable base of **revenue share**
- **CPA revenue variations** stems primarily from Sub-affiliation
- Strong **flat fee** development for high traffic sport assets

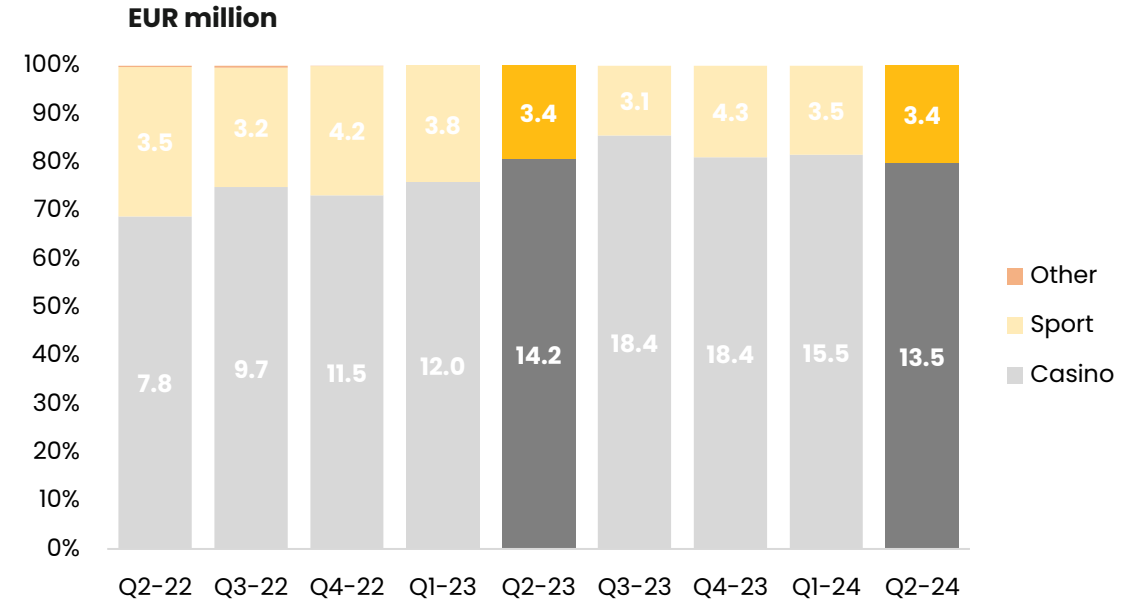
Positive development for high traffic sport assets

Region split



- **Nordics** showing modest decline in Sweden, while other regions stable or growing
- **Rest of World** lower through Casumba
- **US** positively impacted by Sub-affiliation and good development for affiliation on US tipster assets

Vertical split

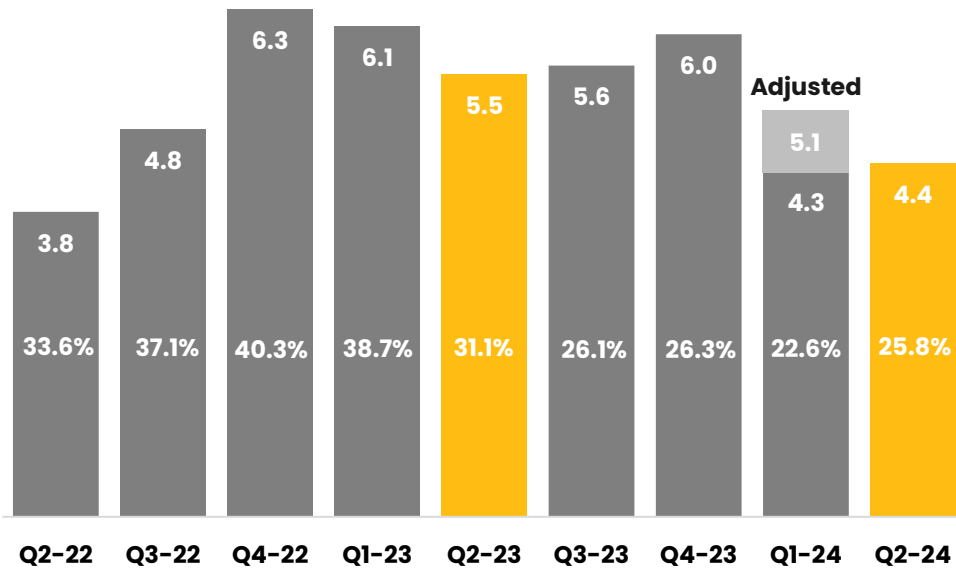


- **Casino** at 80% with high share of casino revenues within Sub-affiliation/Network.
- **Sports** showing growth from high traffic assets somewhat offset by lower sports revenues within sub-affiliation

Free cash flow impacted by timing effects

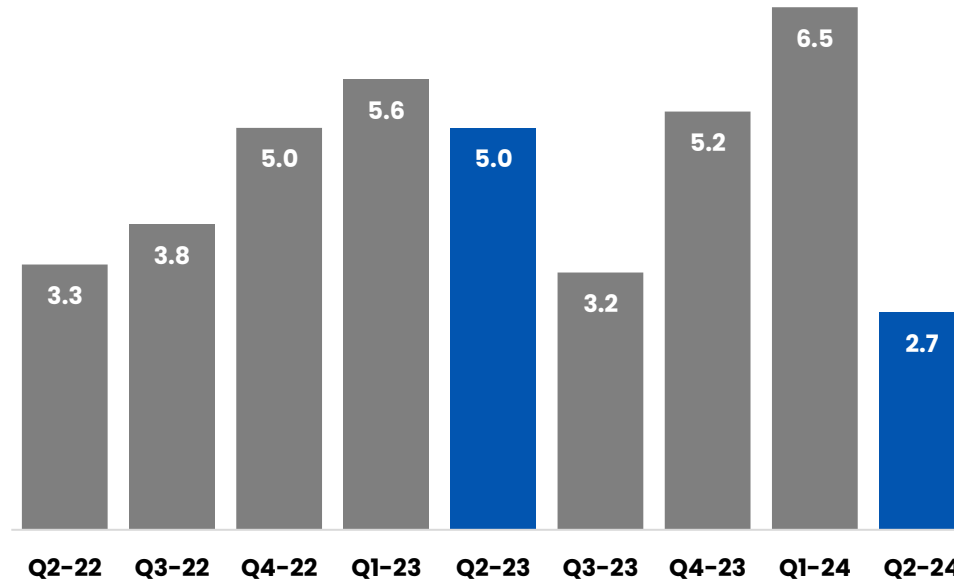
EBITDA and margin quarterly

EUR million



Free cash flow quarterly, before earnouts and acquisitions

EUR million

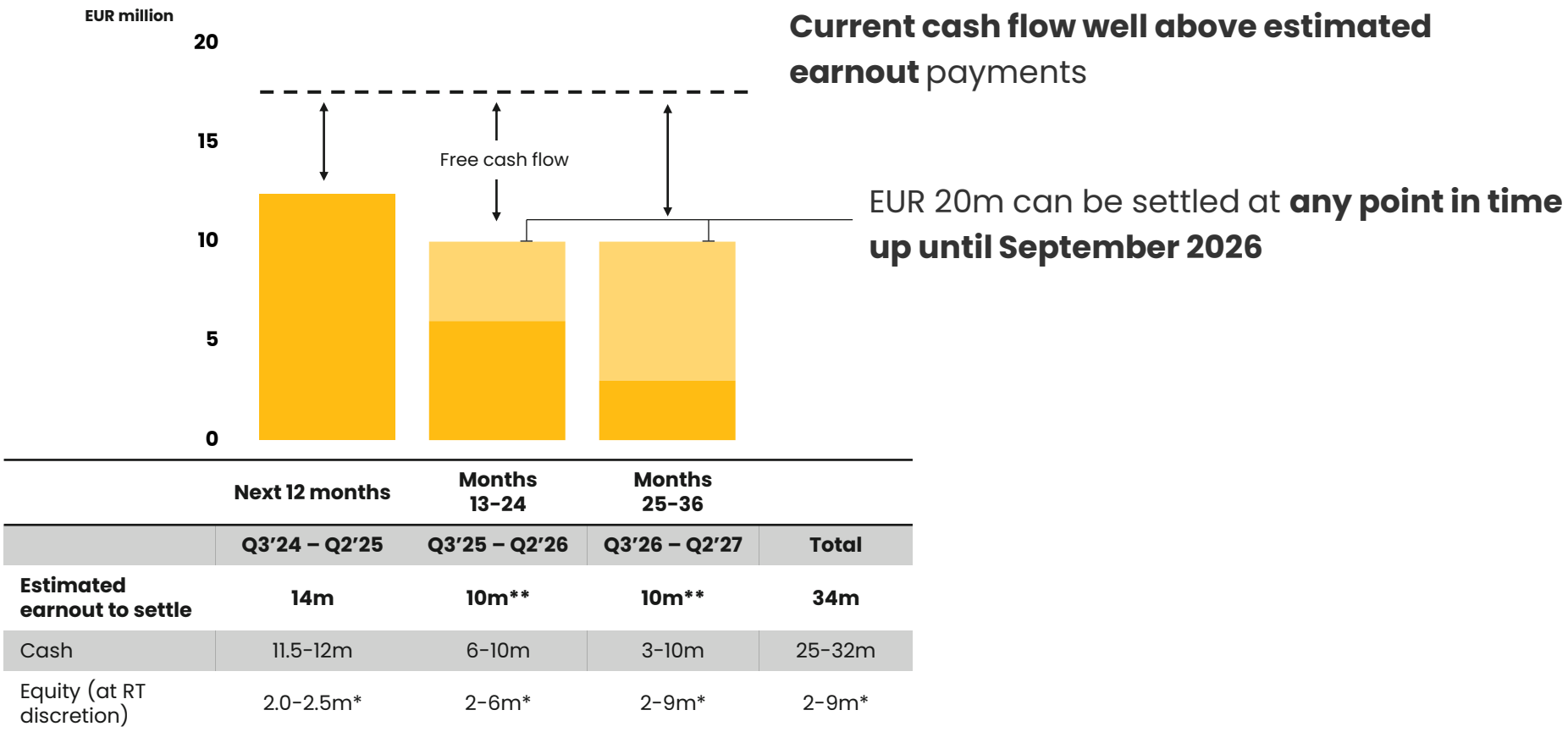


- EBITDA impacted by softer development primarily for Casumba assets
- Strong EBITDA contribution from Sub-affiliation with a gross profit margin of 23%

- Free cash flow impacted by timing effects for settlement of trade receivables and payables
- Free cash flow for the full year estimated just below EBITDA

Financial flexibility for upcoming earnouts

Estimated earnout settlements



* Settlement in shares at full discretion of Raketech

** Can be settled at any point in time up until September 2026

Key takeaways and outlook

Financials

- Revenues of EUR 17.0m
- -3.7% organic growth
- EBITDA of EUR 4.4m at 25.8% margin
- Growth in Sub-affiliation +29.7% compared to Q2 2023

Key takeaways

- **Affiliation Marketing:** Continuing to driving turnaround for organic growth. Casumba earnout completed
- **Sub-affiliation:** First full exclusive partnership launched during the quarter with Swedish operator Spelklubben. Operational challenges for some of the largest publishers on Raketech Network
- **US Tipster & Subscription:** Divestment of Non-Core ATS Advisory business. Streamlining our operations and focus to continue grow our US digital subscription revenues

Outlook and way forward

- July revenues of EUR 4.6m, impacted by weak performance within Sub-affiliation (Raketech Network) which has a lower margin compared to Affiliation Marketing. We expect the decline in Sub-affiliation revenue to recover during the rest of the quarter
- We further specify the full year guidance of around EUR 20.0 million to a range of EUR 17.0 million to EUR 19.0 million in adjusted EBITDA

Q&A

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Thank you!