

RAKETECH

Q3 2024 Report Presentation

RAKETECH

Q3 2024

- 01. Highlights
- 02. Financials Q3 2024
- 03. Key takeaways
- 04. Q&A



Johan Svensson
Chief Executive Officer



Måns Svalborn
Chief Financial Officer

Q3 Financial Highlights

Challenging environment continues, solid free cash flow

- Group revenue totalled EUR 12.9 million, an organic decrease of -39.9% Y/Y (-38.8% adjusted for divestment of Advisory business)
- EBITDA of EUR 3.0 million, a decrease of -46.5% Y/Y
- Adj. EBITDA of EUR 3.1 million, a decrease of -44.6% Y/Y

- Revenues in October amounted to EUR 4.0 million (EUR 7.7 million, of which EUR 0.4 million from the divested advisory business)
- Our operating model review has led to 18% cost savings (excluding publisher costs) compared to Q1 2024
- Despite sector challenges, we forecast Q4 2024 adjusted EBITDA to slightly exceed Q3 2024
- Free cash flow before earnouts increased to EUR 3.8 million, allowing us to meet our upcoming EUR 9.9 million earnout commitment to be paid coming 12 months

12.9m

REVENUE

Y -39.9%

Q -23.8%

3.1m

Adj. EBITDA

Y Adj. -44.6%

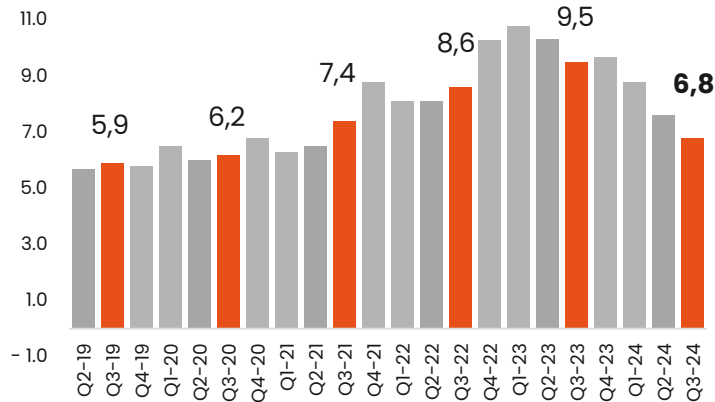
Q Adj. -28.9%

Q3 Performance by business area

Affiliation Marketing

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

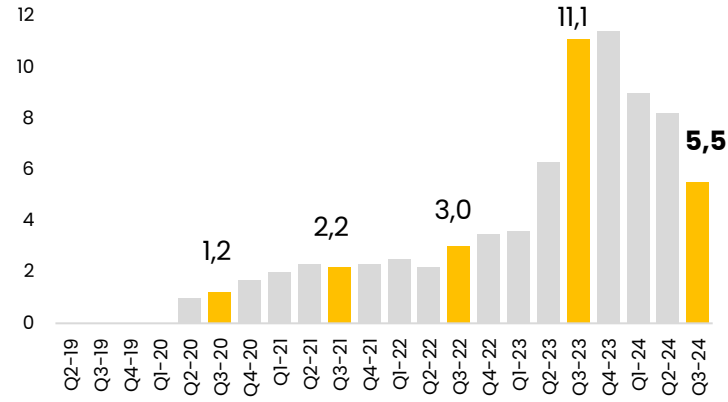
- **Casumba revenues continued to decline**
- **Swedish assets impacted by tax hike**
- **Other Nordic markets stable or growing**



SubAffiliation

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

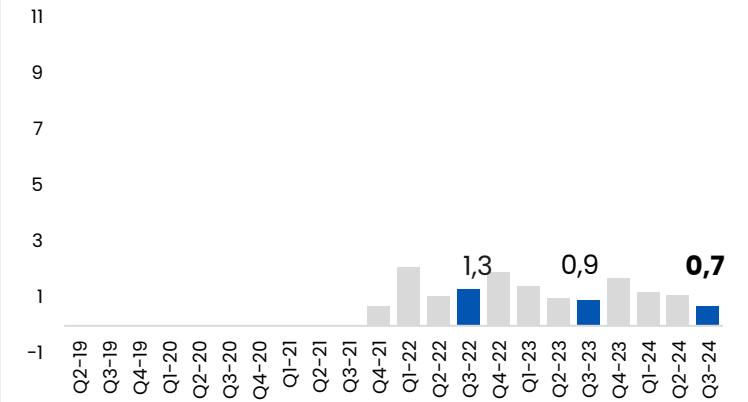
- **Operational challenges for publishers at Raketech Network**
- **AffiliationCloud continues to grow**
- **New partnership agreements closed**



Betting tips and subscription

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

- **Advisory business divested during July**
- **Underlying organic growth for digital subscription and affiliation in the US market**

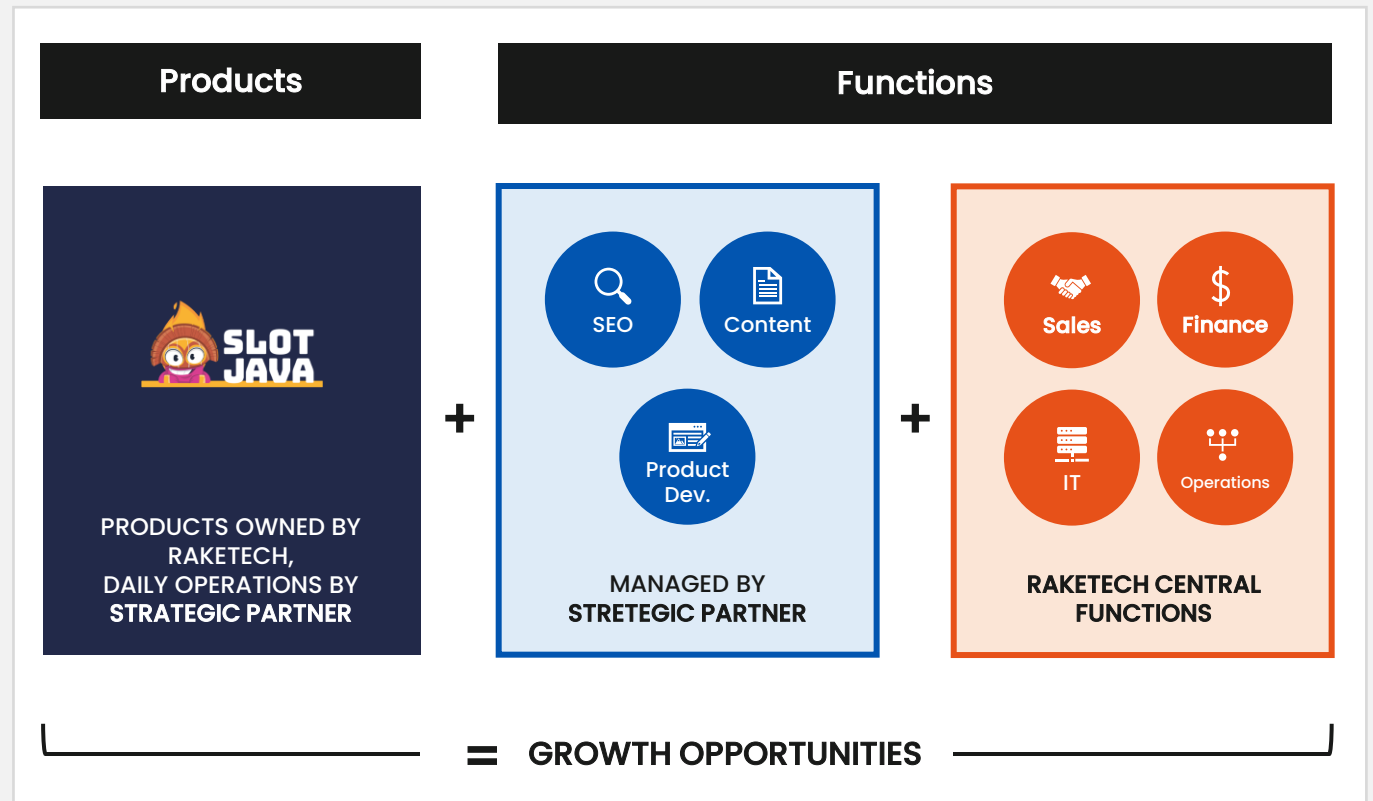


Affiliation Marketing – Strategic partnerships

Affiliation Marketing

New Strategic Partnerships Enhance Growth Potential

- Team up with experienced entrepreneurs with good track record
- Clear responsibilities between Raketech and the partner
- Utilize Raketech's central resources and the advantages of size
- Gross margin in-line with operating fully in-house

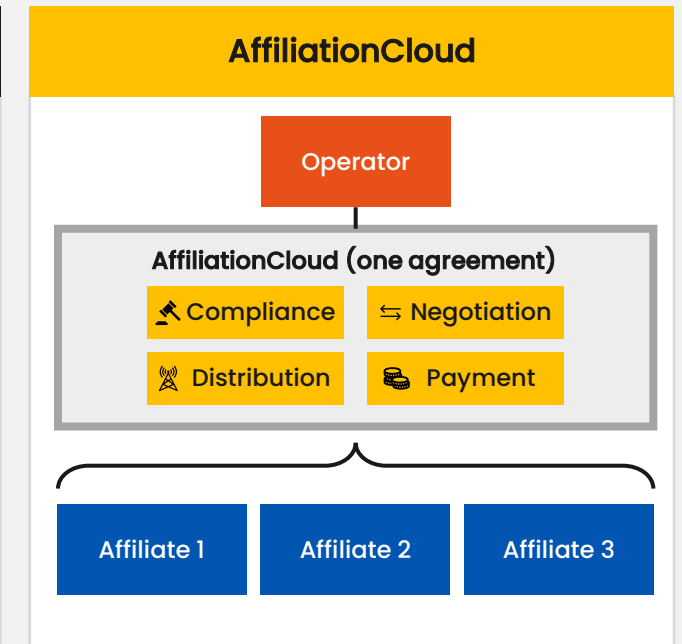
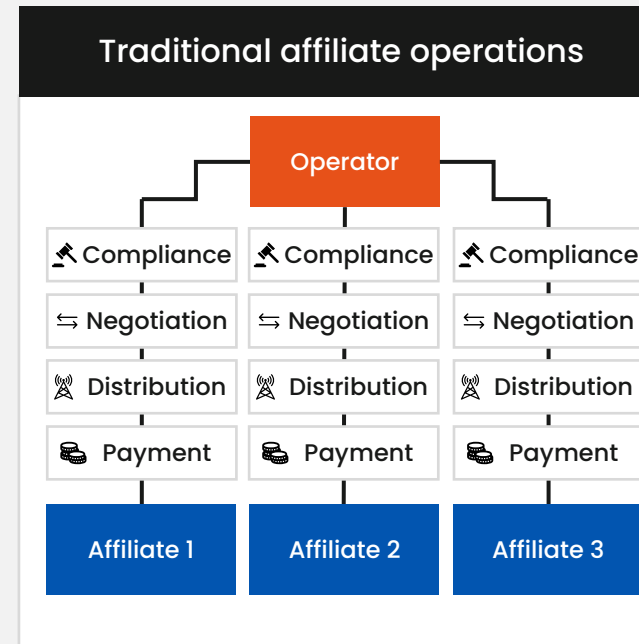


Business update – SubAffiliation & Exclusive partnerships

SubAffiliation

Strategic Partnerships and AffiliationCloud Drive 2025 Growth

- Exclusive partnership with US operator signed and live
- Four brands have chosen AffiliationCloud as exclusive SubAffiliation platform
- Scalable business model that makes the operators affiliate operations more efficient

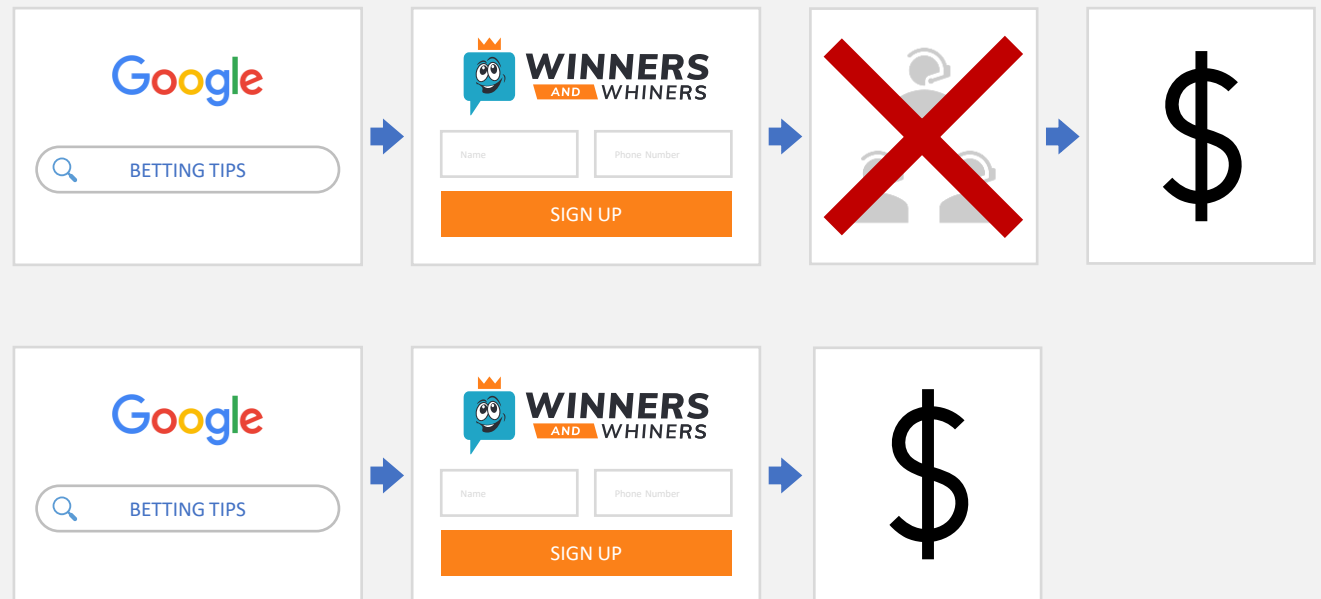


Business update - Betting tips and Subscription

Betting tips and subscription

Strategic Divestment & Focus on Core US Operations

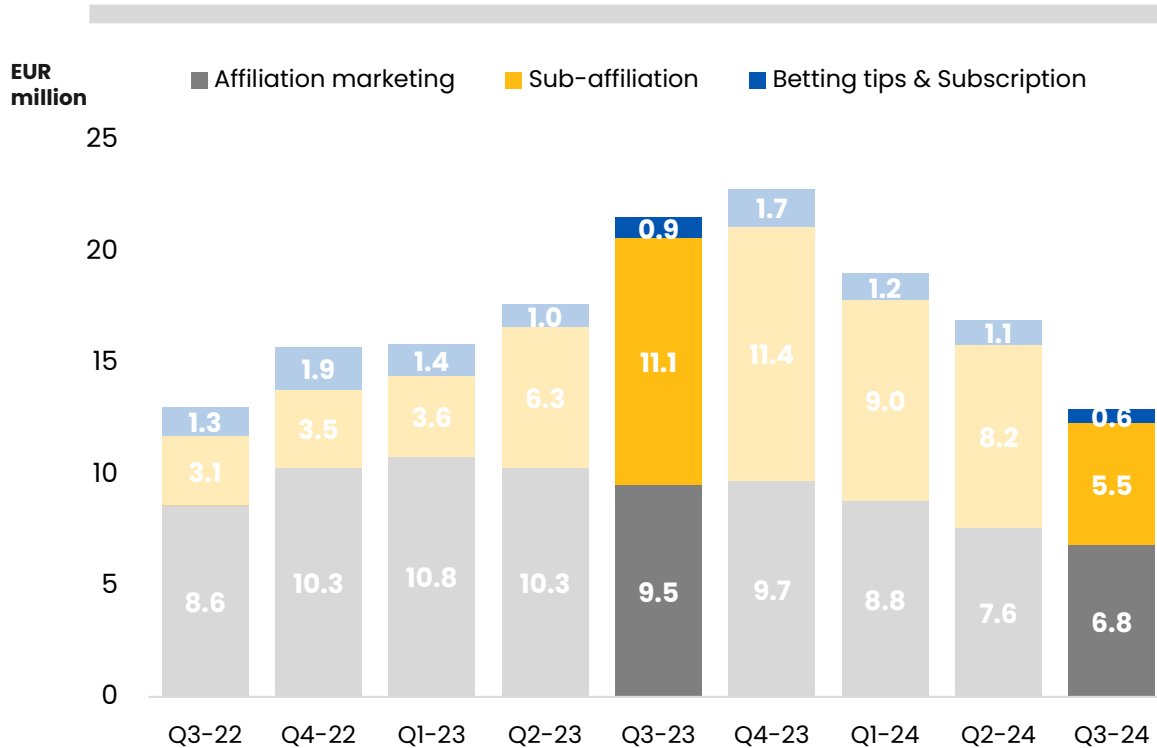
- July 31st, we completed the sale of the land-based betting tips advisory business to be able to focus on the digital tipster business
- Re-structured the US organization to more efficiently prioritize value driven activities
- Improved and increased CRM activities with new tech and better integrations
- Re-vamped our tipster partnership model prior to the NFL season to support mutually beneficial uplift



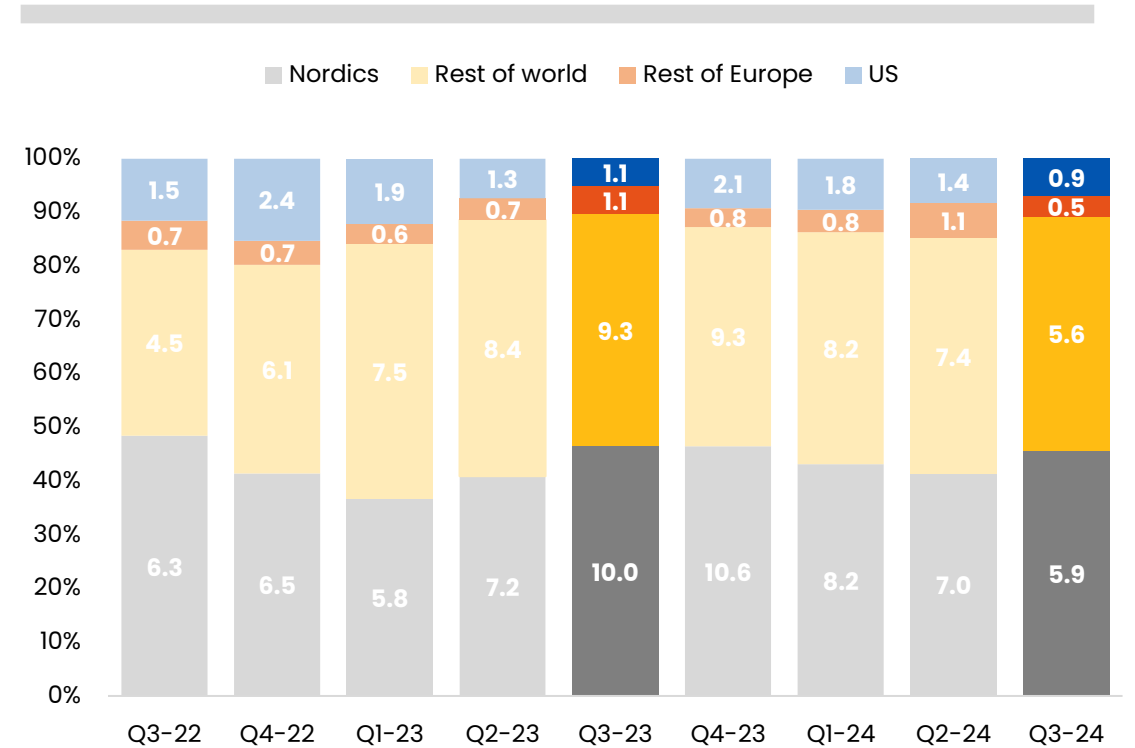
Financials Q3 2024

Stable throughout Q3 but at lower levels

Revenue streams



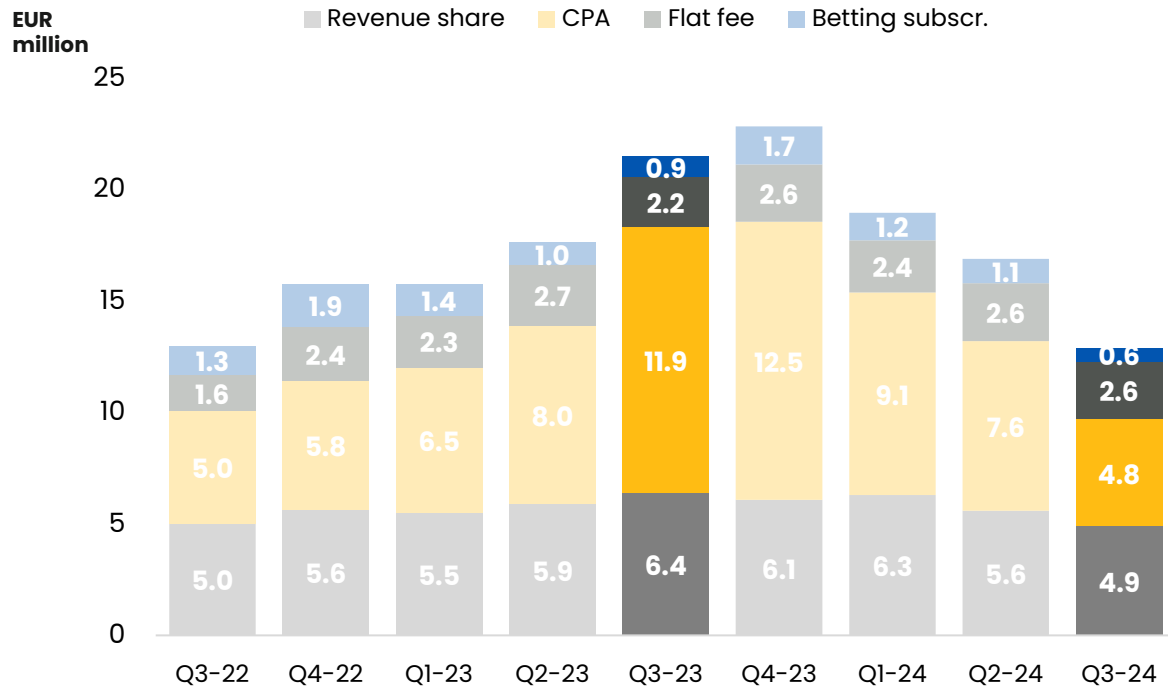
Region split



- **Affiliation marketing** at 53% of total revenues in Q3, Casumba assets not showing any sustained recovery yet. Nordics in line with Q2 and last year but with softer performance in Sweden. Sports down sequentially following IPL and UEFA Euro in Q2
- **SubAffiliation** at 42% of total revenues, sequentially lower through primarily Nordics and ROW. Improving somewhat late October.
- **Betting tips & subscription** at 5% of total revenues, excluding Advisory as from August impacting revenues of EUR 0.4m in Q2. Digital subscription growing +20% yoy.

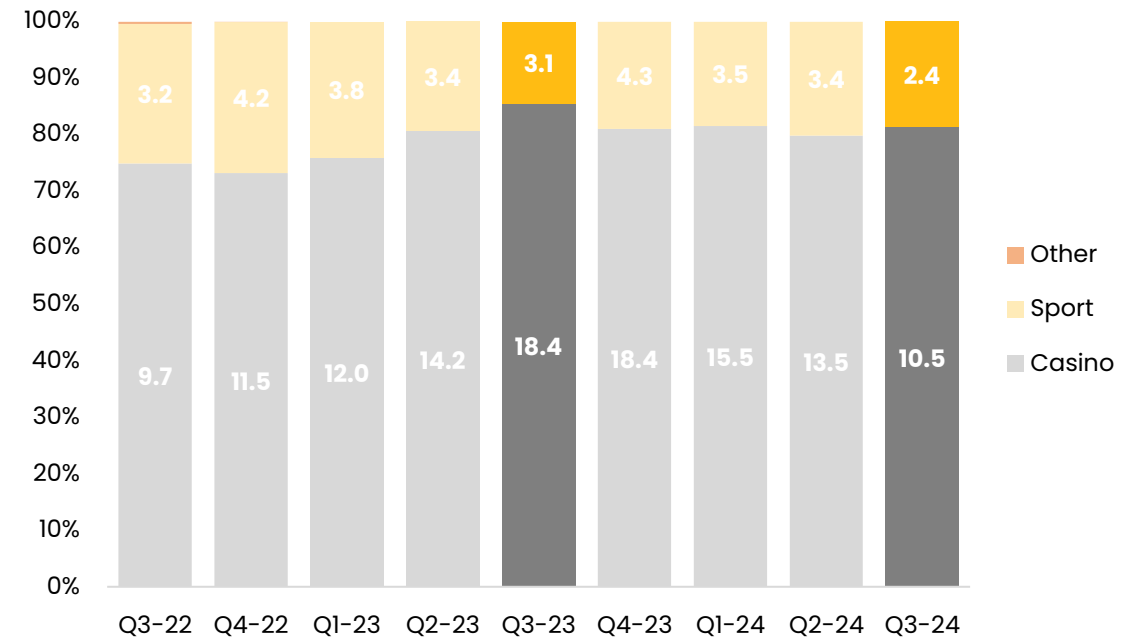
CPA variations from SubAffiliation, strong flat fees

Revenue mix



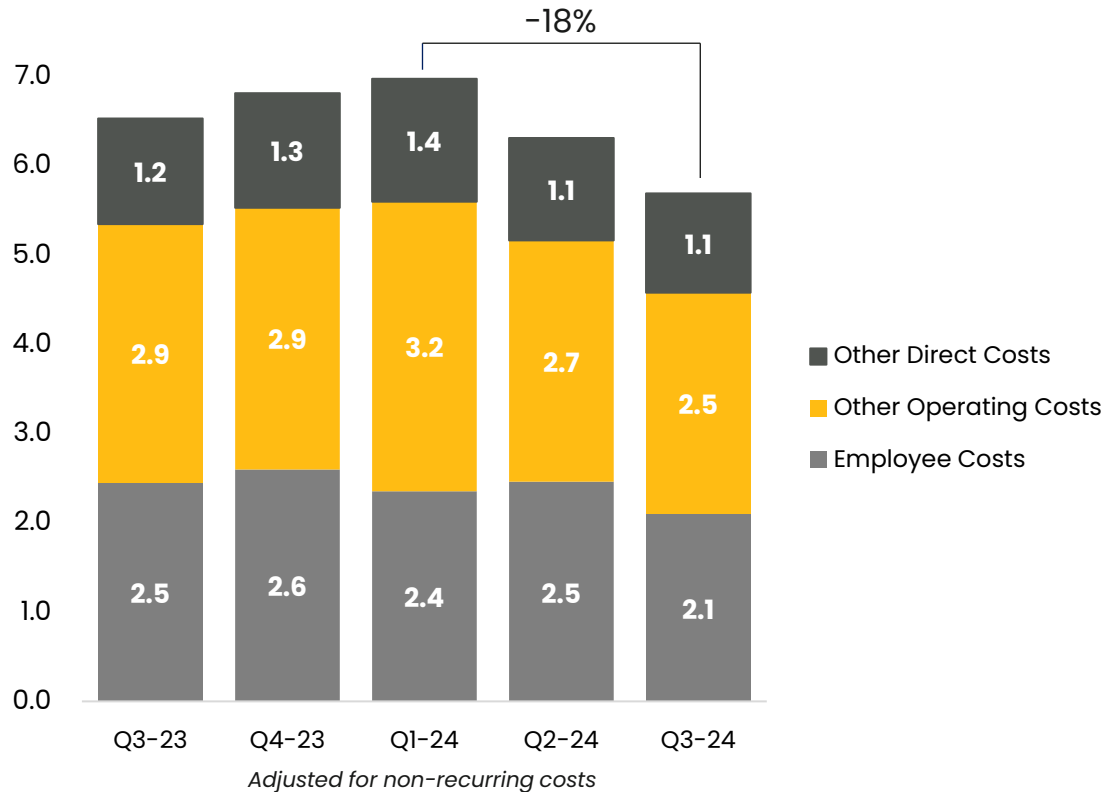
- **RevShare** decrease from Casumba and Sweden
- **CPA revenue variations** stems primarily from SubAffiliation
- Stable **flat fee** development

Vertical split



- **Casino** at 81% with high share of casino revenues within SubAffiliation/Network.
- **Sports** down sequentially following IPL and UEFA Euro in Q2

Realized cost savings

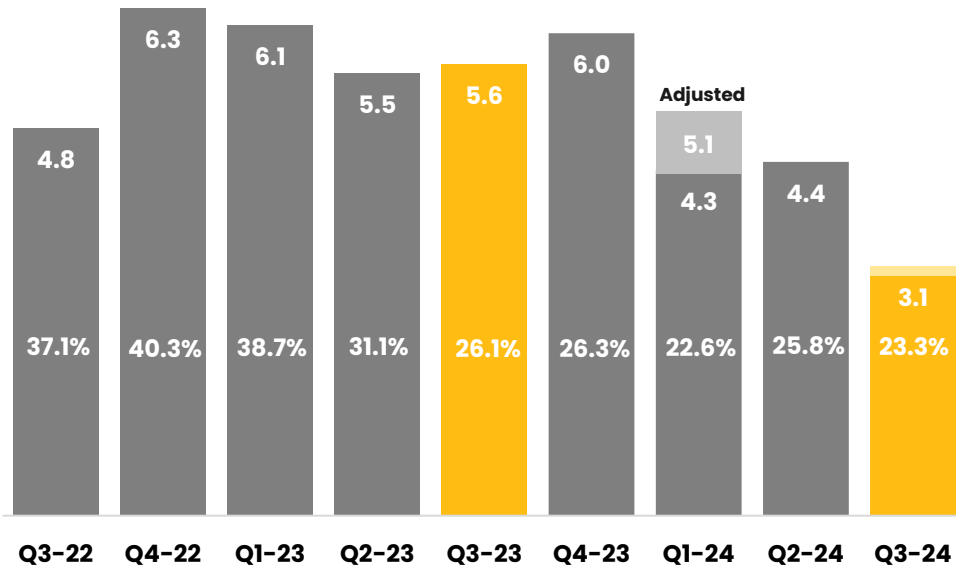


- Headcount (employees and contractors) decreased with 25% from Q1 2024
- Overall decreased cost base (excluding publisher costs) of 18% from Q1 2024
 - An effect of a review of our operating model for all products and business areas
 - Disposal of ATS Advisory end of July
- Continuous ongoing review to ensure operational efficiency

Free cash flow positively impacted by timing effects

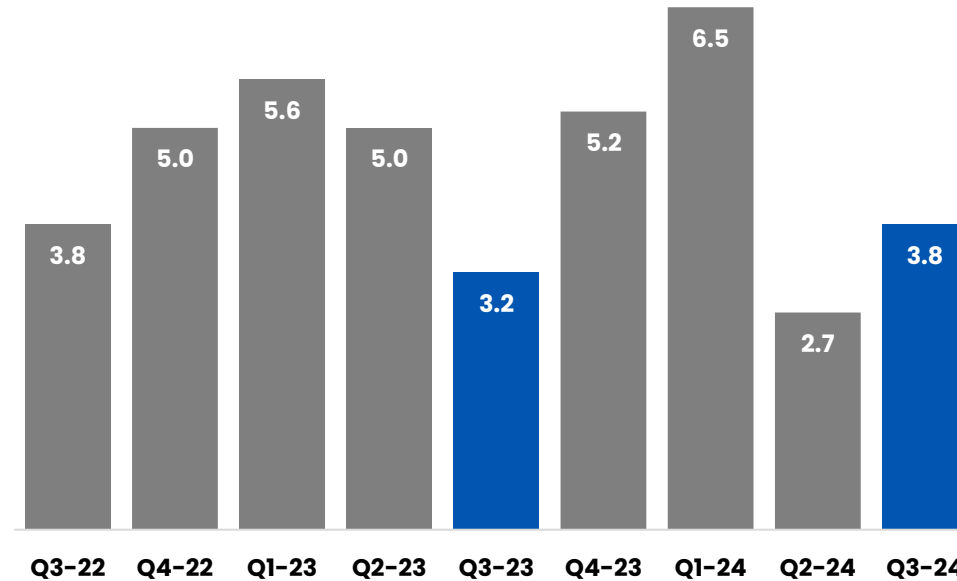
EBITDA and margin quarterly

EUR million



Free cash flow quarterly, before earnouts and acquisitions

EUR million

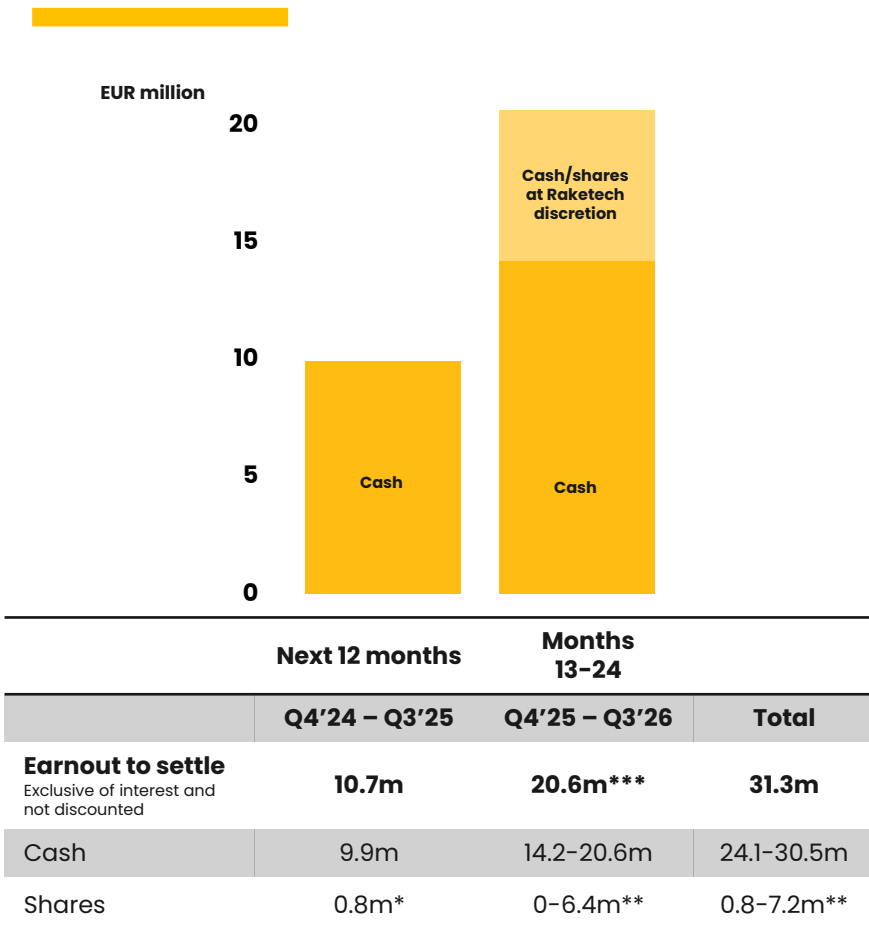


- Strong EBITDA contribution from SubAffiliation with a gross profit margin of 25%
- Cost savings to some extent offsetting revenue decline

- Free cash flow before earnouts positively impacted by timing effects for settlement of trade receivables and payables
- Free cash flow for the full year estimated at least in with EBITDA

Financial headroom for upcoming earnouts

Earnout settlements



- **EUR 9.9m to be paid in cash in the next 12 months**
 - Financial headroom with existing net cash position of EUR 3m at end of quarter, EUR 5m facility and free cash flow for Q4 2024 and 2025
- **Remaining EUR 20.6m can be settled at any point in time up until September 2026**, of which EUR 6.4m can be settled in shares at Raketech discretion
 - No outstanding commitments from acquisitions post September 2026

* Communicated in October

** 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 12.9m
- Adjusted EBITDA of EUR 3.1m at 24.1% margin
- Realized cost savings of 18% (excluding publisher costs) compared to Q1 2024

Key takeaways per Business Area

- **Affiliation Marketing:** Continued evaluation of all products strengthened by strategic partnerships and targeted initiatives
- **SubAffiliation:** Operational challenges for paid publishers within Raketech Network during the quarter. AffiliationCloud continued to deliver organic growth and exclusive partnership live with large US operator
- **US Tipster & Subscription:** Completed the sale of the land-based betting tips advisory business. Focus on digital subscription, showing growth

Outlook and way forward

- October revenues of EUR 4.0m (EUR 7.7 million of which EUR 0.4m from divested advisory business)
- Despite challenges, Q4 adjusted EBITDA is expected to be slightly ahead of Q3, with free cash flow before earnouts aligned with EBITDA, ensuring we meet our 2025 earnout commitment

Q&A

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Thank you!