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Raketech

Q3 2025



Speakers



Johan Svensson
CEO | Raketech



Måns Svalborn
CFO | Raketech



Rikard Engberg
Equity Research Analyst | DNB Carnegie



Operator

Prepared Remarks

**Operator**

Welcome to the Raketech Q3 2024 report presentation. For the first part of the presentation, participants will be in listen-only mode. During the Q&A session, participants are able to ask questions by dialing #5 on their telephone keypad. If you are listening to the presentation via webcast, you can ask written questions using the form below. Now, I will hand the conference over to CEO Johan Svensson and CFO Måns Svalborn. Please go ahead.

**Johan Svensson**

CEO | Raketech

Good morning and welcome to Raketech's Q3 presentation 2025. My name is Johan Svensson, and I'm the CEO of Raketech. Today, CFO Måns Svalborn and I are here to present our Q3 report. Starting with financial highlights: the Kasumba assets were divested on September 24 for EUR 12 million plus an interest component. The payment consideration will be paid over four years, starting during Q4. The background to the divestment was the increased regulatory risk in the local region. The continued operations, excluding Kasumba assets, came in at EUR 6.2 million in revenue for the quarter, an organic decrease of 42.2% year-on-year and down 9.6% compared to Q2. The vast majority of the revenue decline came from the paid publisher network within sub-affiliation, where our paid publishers have continued to face operational challenges. New traffic from these publishers has been minimal.

**Johan Svensson**

CEO | Raketech

Affiliation Marketing, excluding Kasumba, saw a 7% year-on-year decline, partly impacted by no major football championship this summer. Adjusted EBITDA for continued operations, excluding Kasumba, amounted to EUR 1.2 million, while reported EBITDA was EUR 1.1 million with a free cash flow of EUR 1.1 million. We secured our first large-share exclusive publisher agreement for Affiliation Cloud during the quarter, and we saw a good increase in revenue quarter on quarter, with the organic network coming in on EUR 0.9 million in revenue compared to EUR 0.5 million in Q2. Let's now review the performance of each business area, starting with Affiliation Marketing, as we call Raketech's own publishers. Excluding Kasumba assets, the Affiliation Marketing portfolio came in at EUR 4.3 million in revenue. This portfolio, excluding the Kasumba assets, has remained relatively stable over the past year, supported by a strong foundation in our Nordic assets across both sport and casino products.

**Johan Svensson**

CEO | Raketech

This year, there were no major football championships, which had an impact on the sport sales. During the quarter, a new app of our popular TV Sport Guide was launched and has been well received by users, showing high levels of engagement. Sub-affiliation performed in line with Q2. The main difference was the revenue split between the paid network and the strategically important organic network, where the organic network grew significantly quarter on quarter from EUR 0.5 million in Q2 to EUR 0.9 million in Q3. During the quarter, we entered into an exclusive publisher agreement with a U.S.-based publisher, which contributed to this growth. We do not anticipate a turnaround within the paid segment, as our full focus remains on expanding the organic publisher base, primarily in the U.S. market and Sweden.

**Johan Svensson**

CEO | Raketech

Going to the next slide, where I'd like to give you a brief overview of Raketech's transformation in recent years and our platform-first strategy. Raketech was founded in 2010, and during its first decade, the company had a focus on affiliation marketing products. These were operated from teams in-house and in partnerships with entrepreneurs, what we today refer to as entrepreneurial partnerships. In addition to affiliation marketing, in the beginning of 2020, a smaller sub-affiliation network focused on paid was acquired, marking the beginning of a growth journey within paid sub-affiliation that peaked in 2023. In 2021, two acquisitions were completed in the U.S. tips and subscriptions segment, where betting tips were sold directly to end users. These assets have now been fully divested during 2025. The share of our affiliation marketing portfolio, operated through entrepreneurial partnerships, has increased over the past year.



Johan Svensson
CEO | Raketech

The entire affiliation marketing portfolio, which we refer to as Raketech's own publishers, is managed with high margins and generates strong cash flows. Excluding Kasumba assets, these have maintained stable sales over the past year, all of which are important given our financial commitments. Looking ahead, we see our next wave of growth coming from Affiliation Cloud, our B2B platform that connects Raketech's own publishers, external publishers, and operators. By helping our partners optimize and monetize their traffic more effectively, we are taking performance to the next level. Our goal is simple: to deliver outstanding commercial service to every publisher and operator we work with. For external publishers, we are executing with a sharp focus into high-value markets, the U.S. and Sweden. These are the core markets where we are building long-term strategic relationships and positioning Raketech and Affiliation Cloud as a preferred growth partner.



Johan Svensson
CEO | Raketech

Let's move on to the next slide, where I will provide insights in how Affiliation Cloud works and what we have improved with the product and implemented during the quarter. Affiliation Cloud is currently used by Raketech's own publishers, of which the majority are operated through entrepreneurial partnerships, also external publishers and operators who are buying traffic from both Raketech's own and external publishers. In addition to facilitating commercial agreements between publishers and operators, the platform provides its users with data insights, fast payments, and ensures compliance, among other essential services. During the quarter, we took important steps to make the Affiliation Cloud platform smarter and more efficient. We automated key processes, from commission handling to deal requests and compliance checks. This saves time in reducing the manual work.



Johan Svensson
CEO | Raketech

We also improved our data tools and advertiser information, making it easier for both our commercial team and publishers to find helpful business insights and act quickly on results. Altogether, these upgrades make the platform faster, more scalable, and ready to support both publishers and operators in our next growth phase. Now, let's turn to the next slide and take a closer look at our commercial strategy. We will start with our exclusive commercial operator agreements. We have previously reported on our exclusive commercial operator agreements. We currently have a handful of these in total live and up and running, both in the U.S. market and the Swedish market. We are continuously working to expand both existing partnerships and secure new agreements of this type. In practice, these agreements mean that Raketech is the only affiliate network able to offer a deal with a specific operator.



Johan Svensson
CEO | Raketech

As a result, unless you are a major Tier 1 publisher, you must go through Affiliation Cloud to establish a commercial deal and promote a specific operator. For operators, these models offer significant advantages. Through a single agreement with Raketech, they can scale distribution and accelerate player acquisition, while we handle account management, including communication, compliance checks, KYC, and payment to the publishers. Let's go to the next slide and exclusive publisher agreements. During the quarter, we secured our first larger exclusive publisher agreements. This means that we handle the sales of all inventory and manage all commercial deals on behalf of the publishers. The advantage for the publisher is that they can fully focus on their product development and maximize traffic to the operators, while we take care of all sales, deal optimization, administration, we invoice the operators, and we pay the publishers on demand.



Johan Svensson
CEO | Raketech

This type of partnership is a key strategic focus for us, and we believe it will be more common as it becomes less cost-efficient for smaller publishers to build their own commercial departments, including sales, legal and compliance, and all related administrative. For Raketech, it allows us to leverage on our existing commercial agreements and infrastructure. Together, we drive mutual growth and efficiency. Now, I will hand over to Måns here for a deeper look into our financials.

**Måns Svalborn**

CFO | Raketech

Let's start with the overall revenue picture for the quarter, which illustrates continued operations, and this means that the recently disposed Kasumba assets are excluded in Q3 and all comparative periods. Affiliation marketing accounted for roughly 69% of total revenues in Q3, which is up in relative terms, in line with expectations given the expected decline in paid network for sub-affiliation. We did see a bit softer performance within affiliation marketing compared to Q2, however mostly driven by seasonality through slower sport activity and casino, which also experienced its usual seasonality. Within sub-affiliation, what's encouraging to see is that our organic publisher network continued to grow through Affiliation Cloud, showing that our platform-first strategy and our investments in technology and partnerships are paying off. As Johan mentioned, the growth stems primarily from the expanded exclusive partnership with the U.S. sporting betting and casino publisher that went live in early August.

**Måns Svalborn**

CFO | Raketech

Moving on to revenue mix. The variations you see here are primarily driven by CPA activity, and this is an effect of the decline within the paid publisher network. The growth within our U.S. organic publisher network I mentioned on the previous slide does, however, positively offset this, leaving us essentially in line with Q2. Also positive is that flat fees and rev share are relatively stable, showcasing continued demand from our assets within affiliation marketing. EBITDA, excluding Kasumba, remained stable compared to the previous quarter, excluding one-off and discontinued operations. Despite the somewhat softer top line, it shows that the cost discipline and efficiencies we've worked on throughout the year are having a positive effect continuously. Compared to Q3 of last year, we are approximately down 27% in cost, excluding publisher costs. We are also lower in Q3 compared to Q2, an effect of the U.S.

**Måns Svalborn**

CFO | Raketech

Assets that were disposed at the end of Q2. We did see some transitional costs relating to these assets still in Q3. As such, we expect to see somewhat even lower costs in the last quarter. We will also continue with cost discipline and adjust if need be as we move along. Turning to cash flow, cash conversion was reasonably stable in the quarter, broadly in line with EBITDA, however somewhat impacted by a settlement of tax in the quarter. The main differences between EBITDA and free cash flow were related to taxes, lease, and interest payments, and some smaller CapEx items, all within expectations. We also continue to settle earnouts, of which we settled about EUR 800,000 in the quarter, and the remaining earnout balance will continue to be paid in partial installments through March 2028.

**Måns Svalborn**

CFO | Raketech

On the Kasumba disposal, which closed at the end of September, the fixed consideration of EUR 12 million will be paid in monthly variable installments through December 2029. At closing, that consideration was measured at a fair value, roughly of about EUR 7 million, reflecting both the time value of money and the underlying credit risk. We will continue to assess this balance as we move along. Now back to Johan.

**Johan Svensson**

CEO | Raketech

Thank you, Måns. To summarize before we open up for Q&A. Financials, revenues, excluding divested Kasumba assets, amounted to EUR 6.2 million, adjusted EBITDA of EUR 1.2 million, representing a margin of 20%, and an EBITDA of EUR 1.1 million. Some key takeaways per business area, starting with affiliation marketing, as we refer to as Raketech's own publishers, stable performance, excluding divested Kasumba assets, while revenues partly impacted by no major football championship this summer. Sub-affiliation, sub-affiliation performed in line with Q2. The main difference was the revenue split between the paid network and the strategically important organic network, where the organic segment grew from EUR 0.5 million in Q2 to EUR 0.9 million in Q3. This growth is fully aligned with our commercial strategy and long-term focus on strengthening the organic publisher base. Business outlook, the divestment of Kasumba assets has now been completed, which has required significant attention from the management team.



Johan Svensson

CEO | Raketech

We can now focus our efforts on further expanding Affiliation Cloud and developing new exclusive partnerships. Preliminary October data shows that revenues from Raketech's own publishers were slightly below Q3 levels, while our external publishers on Affiliation Cloud continue to gain momentum with additional exclusive partnerships in the pipe. Overall, our focus is to strengthen the balance sheet and pay down the earnout liabilities as early as possible. We remain confident in our strategic direction, focusing on scalable technology, exclusive partnerships, and a balanced mix between Raketech's own and external publishers to drive long-term growth. With this word, we are now opening up for Q&A.

Q&A

**Operator**

If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from Rykert Engberg from DNB Carnegie. Please go ahead.

**Rikard Engberg**

Equity Research Analyst | DNB Carnegie

Good morning, guys.

**Johan Svensson**

CEO | Raketech

Good morning.

**Rikard Engberg**

Equity Research Analyst | DNB Carnegie

My first question is related to the trading update. You say that you see a stable revenue from affiliation marketing to start of the quarter. First of all, hugely to Q4, and is that an accelerating quarter, making the later end of the quarter stronger and more important than the start of the quarter?

**Johan Svensson**

CEO | Raketech

Good morning, Rykert. Yeah, historically, December has always been stronger than the start of the Q4. Yes.

**Rikard Engberg**

Equity Research Analyst | DNB Carnegie

Okay, good. Second of all, looking at the organic publisher network, you say that you see a strong positive momentum. Is that momentum on the same pace year on year as we report the numbers now in Q3, or are you seeing an even accelerating momentum?

**Johan Svensson**

CEO | Raketech

We see a good momentum, and we have a good pipeline of new, larger publishers. When this materializes into revenue, it's too early to predict.

**Rikard Engberg**

Equity Research Analyst | DNB Carnegie

Okay. Great. Can you also discuss this new U.S. publisher partnership that has been live since August? Are you satisfied with the development?

**Johan Svensson**

CEO | Raketech

Yes, we are. It's a milestone for us. We also have made a smaller investment in this U.S. publisher, and we secured a longer exclusive commercial agreement with them. It's a milestone for us too. In previous investments, we have always taken the full operational responsibility for all acquisitions, but here we made a smaller investment, and we are acting as a commercial partner, which goes in line with our strategy for Affiliation Cloud.

**Rikard Engberg**

Equity Research Analyst | DNB Carnegie

Okay, great. Also, this strategy of making strategic investments in publishers, is that something that we should look for going forward as more common, or is it more of a one-off, so to say?

**Johan Svensson**

CEO | Raketech

We did this now, but it's not a part of the growth strategy. The growth strategy is to focus on the platform and the value it adds to external publishers and operators. Our main focus when it comes to the free cash flow is to strengthen the balance sheet and pay down the earnout liabilities.



Rikard Engberg

Equity Research Analyst | DNB Carnegie

Thank you. One last question regarding the sale of Kasumba. You are receiving monthly payments for the sale, and I guess it may have come in as expected since the sell-off?



Johan Svensson

CEO | Raketech

Yeah, that's something we're going to comment on when we get to Q4. We'll keep.



Rikard Engberg

Equity Research Analyst | DNB Carnegie

Okay.



Johan Svensson

CEO | Raketech

Keep you guys updated on how that progresses, for sure.



Rikard Engberg

Equity Research Analyst | DNB Carnegie

Okay, fair enough. Thank you. That was all for me.



Johan Svensson

CEO | Raketech

Thank you. Thank you, Rykert.



Operator

As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. There are no more questions at this time, so I hand the conference back to the speakers for any written questions or closing comments.



Johan Svensson

CEO | Raketech

Okay, let's start with the questions.



Måns Svalborn

CFO | Raketech

With the Kasumba sale completed and the transition to a decentralized affiliation marketing model, where entrepreneurial partnerships now represent the clear majority of revenues, do you expect to free up resources to improve group margins and move closer to historical levels? For sure, we do expect to free up resources, and that's work that has been ongoing during the year now. Definitely, we focus resources to the organic publisher network and Affiliation Cloud in particular. With regards to group margins, just the fact that we are increasing the relative share of sub-affiliation, which has a lower margin, if you go back to very historical levels, no, we're not looking to go back to those types of margin levels, but it's just an effect of the business mix we have at the moment.



Johan Svensson

CEO | Raketech

Yes, next one, affiliation marketing, excluding Kasumba, has shown steady 3%-5% quarterly growth over the past four quarters, but now we see a reversal in revenues down about EUR 400,000-EUR 500,000 from Q2, and preliminary October data slightly lower in Q3. Can you share what's driving this change and what actions you are taking to restore growth? Yes, first of all, in Q2, we have some major sports events, which we didn't have in Q3, which is a part of the decline quarter on quarter. As well, these assets have a lot of SEO traffic, which could be volatile between quarter on quarter. We believe in our strategy with these entrepreneurs we're working with, which have a good track record, and we also believe in the team in-house operating, as if we're still operating in-house. For us, it's business as usual, where we adapt to.



Johan Svensson
CEO | Raketech

The new market circumstances, which we have done for the last 10 years. We're working with Google to make sure that we constantly improve and adapt. Next one, given that the company would be more profitable without the sub-affiliation business, how do you view its strategic importance today? Is there a path to improving its profitability, or could it make sense to focus more on affiliation marketing to lift overall margins? Yeah, we believe in our strategy with a platform. And to both serve Raketech's own publishers and external publishers with the best commercial service. As we have seen over the last two years, it could be volatile with high dependency on SEO traffic. Our strategy is to scale up both external publishers who like the platform, which is lower margins, but also to grow our Raketech's own publishers.



Johan Svensson
CEO | Raketech

It's a mix where we like to lower the concentration risk in a certain product.



Måns Svalborn
CFO | Raketech

The next question ties back to that as well. The question is, you and I are approaching 100 FTEs in total. Back in 2019, Raketech generated EBITDA margins around 50% on a roughly EUR 5 million revenue base. What is different today in terms of structure, cost base, or business mix that makes those historical margin levels harder to reach?



Måns Svalborn
CFO | Raketech

It simply is because of the business mix with the sub-affiliation and Affiliation Cloud, which is a strong strategic approach we've taken. That is the simple answer to it.



Måns Svalborn
CFO | Raketech

Another question relates to software development. Payments have increased compared to last year. Can you provide some color on what's driving that increase and how you see this trend developing going forward?



Johan Svensson
CEO | Raketech

This is exclusively tied again to the development of the platform, Affiliation Cloud. Looking ahead, we will continue to invest in it, but we don't foresee to see any significant increases going forward.



Måns Svalborn
CFO | Raketech

You mentioned strong growth in organic publisher networks supported by a new exclusive partnership. Can you elaborate on this business? Is its revenue more stable compared to the rest of the sub-affiliation segment, and how does its margin profile compare to the group average?



Johan Svensson
CEO | Raketech

It's definitely more stable since we are selling all the full inventory of this publisher. We are, of course, dependent on the performance of all the publishers. That's why we like to expand this and onboard more exclusive publishers into Affiliation Cloud. The margin is around the same gross margin as we have within the sub-affiliation segment.



Måns Svalborn
CFO | Raketech

Next one, regarding the \$750,000 investment in the U.S. sports betting and casino partnership, what are your key expectations for this collaboration over the next year in terms of growth or strategic contribution?



Johan Svensson
CEO | Raketech

We saw, as I mentioned earlier, we see this as a milestone to secure. A large exclusive publisher agreement. We like to expand and do more of this, not necessarily involving an equity investment. We believe in this partnership and in the product, so we believe it will grow over the next year.



Måns Svalborn
CFO | Raketech

Next one, given the recent financial commitments and the developments and investments made in Affiliation Cloud, should we expect the business to operate more leanly and deliver higher margins at the current revenue level going forward? That current investments already support the next wave of growth. Looking at previous years, there seems to be an underlying earnings power that could be better leveraged. We definitely expect to operate more leanly, and that's an effect of the work we've done throughout the years, this year again. With regards to margin, we covered this a little bit earlier. It definitely depends on the mix versus revenue growth within sub-affiliation and affiliation marketing.



Måns Svalborn
CFO | Raketech

I think we have the next ones are about the investment in the U.S., which we already commented on. I have a question here. How do you value the risk of ChatGPT AI taking approximately 50% of the first-year traffic due to the fact that your sites are SEO-focused?



Johan Svensson
CEO | Raketech

Good question. I don't agree around this number for iGaming and gambling search. We haven't seen many adverts on Google to be that visible when you search for the most relevant keywords for casino and sports betting searches. It is important to adapt and to be relevant for not only SEO, also to be relevant for AI bots, but also do beyond SEO activities, which we're constantly working on to lower our SEO dependency. All entrepreneurial partnerships and the team operating in-house, it's a priority for them to be less dependent on SEO. Another question here, why do you need to make an investment to win the commercial partner business? I guess this refers to the exclusive partnership with a U.S. publisher. In this case, if we wouldn't have liked the business and the company would, of course, not have made an investment. It was a good opportunity to.



Johan Svensson
CEO | Raketech

Secure a minority stake in this company and as well secure a large commercial agreement. As commented on earlier, we don't expect to invest in all publishers where we secure an exclusive agreement. Our main focus when it comes to the free cash flow is to strengthen the balance sheet and pay down our earnout liabilities as soon as possible.



Måns Svalborn
CFO | Raketech

Last one, when are the payments for the Kasumba sale scheduled to start? Already as of closing or next year? They are scheduled to start in Q4 already.



Johan Svensson
CEO | Raketech

Good. That was all questions. Thank you for all questions, and thank you for listening. We hope to see you again in February in relation to the Q4 report. Thanks.