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**Raketech**

Q1 2025



## Speakers



**Rykert Engberg**

Analyst | Carnegie Investment Bank



**Måns Svalborn**

CFO | Raketech



**Johan Svensson**

CEO | Raketech



**Operator**

## Prepared Remarks

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**Operator**

Welcome to the Raketech Q1 2025 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 pound key five 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 Q1 2025 presentation. My name is Johan Svensson, and I am the CEO of Raketech. Today, CFO Måns Svalborn and I are here to present Raketech's Q1 report. I will as well share an update around the new strategic direction, with platform-first approach and our new entrepreneurial partnerships. We'll start looking at our financial highlights. We came in at EUR 9.8 million in revenues in Q1, an organic decrease of 48.8% year-on-year, and a 46.6% decrease for the divestment of advisory tips to business. Adjusted EBITDA of EUR 2.4 million, a decrease of 52.6% year-on-year, with an EBITDA of EUR 2.1 million. The free cash flow was EUR 1.7 million, which supports the EUR 8 million in H1 earn-out payments, of which EUR 6 million was settled during the first quarter. We have agreed on an extension of the remaining earn-out of EUR 20.6 million original due in September 2026.

**Johan Svensson**

CEO | Raketech

It will now be payable up until March 2028. The option to settle part of the amount in shares has been removed. We saw a significant decline in our U.S. betting tips and subscription business in Q1 compared to Q4, and this business area had a negative EBITDA impact of EUR 0.3 million compared to an essentially flat EBITDA in the fourth quarter. We are in the final stage of a strategic review of these assets. The outcome of a new operating model has resulted in further cost savings. Our costs were 34% lower compared to Q1 last year, direct publisher costs excluded. Now, let's look at the performance of each business area during the quarter, starting with affiliation marketing. Affiliation marketing came in at EUR 6 million in revenue in Q1.

**Johan Svensson**

CEO | Raketech

Q1 is, in general, a seasonal slower quarter compared to the strong Q4, and we had a somewhat slower start, but activity and revenue picked up in the latter part of the quarter. Kassumba assets continued to decline, and if you exclude these assets, the quarter was in line with Q4 adjusted for some seasonality. Turning our Kassumba assets from decline to growth remains a key focus, and we continue to invest in the product to adapt to the changes in the market and the new competition. The Kassumba founders are still dedicated to the daily operations. The Nordic markets showed stable performance in line with Q4, adjusted for some seasonal effects and a slightly shorter Q1. As previously reported, we signed four new partnerships with entrepreneurs, which all have great experience and track record in managing affiliation assets. All four partnerships were kicked off during the quarter.

**Johan Svensson**

CEO | Raketech

It is still too early to report any revenue impact from these new partnerships, but we see a strong operational momentum with high operational activity. The entrepreneurial partnerships accounted for approximately 50% of the total affiliation marketing revenue during the first quarter. These entrepreneurs bring expertise in product development, content creation, and SEO strategy and daily execution, while Raketech focuses on the commercial and operational side from our central team, who are taking care of commercial agreements, sales, finance, reporting, data management, and tech. Sub-affiliation revenues amounted to EUR 3.4 million, and the gross margin for sub-affiliation was 21%. The paid publisher network faced a marked decline in March due to additional operational challenges with Google Ads campaigns. We do not expect a meaningful recovery in the near future.

**Johan Svensson**  
CEO | Raketech

Our relationships with the paid-focused publishers and operators continue to be strong, and we are on standby and ready to scale up if the market conditions improve. Organic sentiment of sub-affiliation delivered organic growth, with over 80 active revenue-generating publishers during the quarter. All organic sub-affiliation operations are fully managed through our proprietary platform, Affiliation Cloud. U.S. betting tips and subscription: We saw a significant decline in our U.S. betting tips and subscription business in Q1 compared to Q4. This business area had a negative EBITDA impact of EUR 0.3 million compared to an essentially flat EBITDA in Q4. As mentioned before, we are in the final stage of a strategic review of these assets. Going to the next slide, I will give you an update on Affiliation Cloud and our platform-first approach. Affiliation Cloud is our proprietary platform into which we have intensified our investments over the past quarters.

**Johan Svensson**  
CEO | Raketech

The plan is for Affiliation Cloud to serve as the foundation for all sales, data, compliance, and business intelligence, whether it is our own affiliation marketing portfolio or any of our sub-affiliation networks. Regardless if we own the asset connected to the platform or if it is publishers from our sub-affiliation networks, the platform serves the same purpose for all products, focusing on traffic and sales optimization, which creates value for all connected products as well as operators receiving leads. For operators, this presents a significant advantage. They benefit from a streamlined process by negotiating with a single trusted partner rather than managing separate agreements with multiple publishers. In terms of platform development, our focus during the first quarter has been on simplifying the onboarding process for publishers, making it easier to get started, including automated KYC processes and compliance reviews of their product.

**Johan Svensson**  
CEO | Raketech

We also worked intensively on improving data quality through a fully custom-built structure, which we plan to launch during the second quarter. This upgrade is expected to improve the overall data quality. We have an ambitious roadmap for the remainder of the year, focusing on powerful new features such as automated reporting, improved user experience, and a flexible wallet solution that enables publishers to withdraw their commission on demand. Sub-affiliation and exclusive commercial network agreements: The core strength of our offering to both external publishers and operators is what we refer to as exclusive commercial network agreements. These agreements mean that we are the only sub-affiliation platform able to offer a commercial deal with a specific operator. These agreements are often established when an operator launches a new brand and seeks rapid distribution through a trusted affiliate network, while still maintaining high standards for traffic quality and compliance.

**Johan Svensson**  
CEO | Raketech

We have now been the exclusive sub-affiliation platform for four operator launches, three of which were in 2024, both for the Swedish and the U.S. market. We have a clear ambition to onboard additional exclusive agreements with new operators throughout 2025. We see a strong potential in these types of commercial agreements as a complementary approach to the traditional affiliate model. In the traditional affiliate model, each operator needs to negotiate and agree to a deal with each affiliate to secure exposure and distribution. The operator must have its own affiliate team with local expertise for each market to secure compliance. Through Affiliation Cloud, the operators get access to multiple affiliates through one agreement. Our publisher team takes care of the commercial negotiations and secures the distribution, including KYC and compliance. We pay the affiliates their commission on demand to secure good cash flow for our publishers.

**Johan Svensson**  
CEO | Raketech

Now I will speak about our entrepreneurial partnerships for our affiliation marketing portfolio. As mentioned earlier in the presentation, we have now launched four new partnerships with different entrepreneurs for our affiliation marketing portfolio. The new partnerships are mainly focused on Sweden and Denmark and cover both sport and casino products. The background to what we now refer to as entrepreneurial partnerships is the challenges we have experienced in operating our product at scale following the exit of entrepreneurs from whom we acquired these businesses. Each partnership and its exact structure are tailored to match the specific needs, size of investments, and expertise involved. What all partnerships have in common is that Raketech, through its central teams, manages sales, commercial agreements, finance, reporting, data management, and some parts of the tech. Our partners are responsible for the day to day operations, including SEO, content creation, and product development.

**Johan Svensson**  
CEO | Raketech

Together with the partners, we bring complementary expertise to the table, enabling sustainable long-term growth. This type of partnership is not a new thing for Raketech. Back since 2015, the company has successfully maintained partnerships with entrepreneurs in the Nordic markets, and in October last year, we entered into a partnership with the founders of a slot portfolio focusing on Southern Europe and Latin. All through the latest partnerships only launched in March, we have already seen a noticeable increase in operational activity, with various teams actively driving new product development and fresh content creation. In affiliation marketing, approximately 50% of the revenue now comes from this partnership, and it is a strategic focus for us to grow this further during 2025. Now over to Måns, who will give us a deeper look into our financials.

**Måns Svalborn**  
CFO | Raketech

Thank you, Johan. We saw total revenues of EUR 9.8 million in Q1. On your left side, we have total revenues split on our three business areas, and on the right side, total revenues distributed on clusters of regions. Starting with affiliation marketing, which accounts for 62% of total revenue in the quarter, while there has been a slight decline compared to last quarter, most of this is due to our Kassumba assets. Excluding those, the rest of the portfolio is only down slightly compared to Q4. The decrease is mostly in line with expected seasonal trends and the shorter month of February. Sub-affiliation represents approximately 35% of total revenues in Q1. The decrease in revenues, as Johan pointed out, relates primarily to our paid network publishers. The last few quarters, we have seen ongoing challenges for our publishers, and the area experienced additional headwinds as of March this quarter.

**Måns Svalborn**  
CFO | Raketech

Looking into April and May, we do not see any meaningful pickup, and we do not expect volumes to increase in the short term, but we do, however, stand ready should volumes return. As Johan covered as well earlier in the presentation, we have seen positive momentum within the organic publisher network with a growing number of revenue-generating publishers, which is promising for this area as we move along. This slide shows revenue mix and vertical split. Just a couple of quick points on this slide. First, the variation in Cost Per Acquisition (CPA) is largely driven by the lower activity in sub-affiliation. This area is predominantly CPA-heavy, driving the decline from strong results of previous quarters. Flat fees and Revenue Share in affiliation marketing are, however, reasonably steady and in line with expected seasonal trends.

**Måns Svalborn**  
CFO | Raketech

As we highlighted in previous quarters, we have had a continuing review of all our products and business areas to ensure that we are operationally efficient. From a high point in Q1 with regards to cost, we initiated a review and cost-cutting initiative, and similar to last quarters, we are now seeing these initiatives realized, with an overall decrease in total cost, excluding publisher costs, of 34% from Q1 of last year. As we move along, we will continue to tweak and fine-tune our operating model in line with the overall strategy. Adjusted EBITDA was EUR 2.4 million, somewhat positively offset from realized cost savings that I mentioned on the previous slide. Adjustments relate to restructuring costs as an effect of our strategic shift of working through entrepreneurial partnerships.

**Måns Svalborn**  
CFO | Raketech

On the right hand side and free cash flow before earnouts, we will have timing effects between EBITDA and free cash flow, but they will correlate over time. In Q1 specifically, free cash flow is essentially in line with EBITDA, considering some CapEx interest payments and lease payments. Furthermore, specifically on earnout payments, we settled EUR 6 million in Q1 and will settle an additional EUR 2 million in Q2. This leaves us with the last earnout payment that was originally due in September 2026, of which now the payment period has been extended up until March 2028, and I will cover this on the next slide. We communicated yesterday that we have agreed with the sellers of Kassumba to revise the terms of the payment period. The main points are the following: We have extended the earnout payment from September 2026 to March 2028.

**Måns Svalborn**

CFO | Raketech

This relates to the outstanding amount of EUR 20.6 million excluding interest. We previously had an option to settle part of the remaining earnout in shares. This has now been removed. We have an ambition to, of course, settle the earnout as early as possible and have committed to settle in partial installments on a quarterly basis as from Q3 of this year. Overall, this creates further financial flexibility for us, and we have financial headroom to focus on strategic business initiatives. Even though we have the possibility of a rather lengthy extension, we will retain the ambition to settle as soon as possible. Thank you, and over to Johan.

**Johan Svensson**

CEO | Raketech

Thank you, Måns. To summarize before we open up for Question and Answer (Q&A): Financials, revenues in Q1 of EUR 9.8 million, adjusted EBITDA of EUR 2.4 million, representing a margin of 24.5%, and an EBITDA of EUR 2.1 million.

**Johan Svensson**

CEO | Raketech

Excluding publisher costs, our cost savings resulted in a 34% reduction in expenses compared to Q1 2024. Key takeaways per business area: Affiliation marketing, the four new partnerships with entrepreneurs who have a strong track record and experience from affiliation marketing have now been launched. These types of partnerships generated approximately 50% of affiliation marketing revenue in Q1, and we expect it to grow. Kassumba assets are still on a negative revenue trend, and turning these assets from decline to growth remains a key focus. Excluding these assets, Q1 performance for the remaining portfolio was in line with Q4, adjusted for some seasonal effects. Sub affiliation: Organic publisher network delivered organic growth, and the number of active unique publishers generating revenue exceeded 80 during the quarter. The paid publisher network faced a marked decline in March due to additional operational challenges with Google Ads campaigns.

**Johan Svensson**

CEO | Raketech

U.S. Betting tips and subscription: We saw a significant decline in our U.S. betting tips and subscription business in Q1 compared to Q4, and this business area had a negative EBITDA impact of EUR 0.3 million compared to an essentially flat EBITDA in Q4. We are in the final stage of the strategic review of these assets. Business outlook: Our focus going forward is clear: to continue developing Affiliation Cloud into a leading commercial platform that delivers value across our own affiliation marketing assets, our external publishers, and our operators. We see strong potential to create long-term value in our affiliation marketing portfolio through our entrepreneurial partnerships, where we are already seeing increased activity. Revenues for our affiliation marketing assets in April remain consistent with Q1. Sub-affiliation, the lower-margin paid network, continues to face headwinds while we see continued good activity from the organic publisher network. We now open up for Q&A.

**Operator**

To ask a question, please dial #five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial #six on your telephone keypad.

## Q&A

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**Operator**

The next question comes from Rykert Engberg from Carnegie Investment Bank. Please go ahead.



**Rykert Engberg**

Analyst | Carnegie Investment Bank

Good morning, guys.



**Johan Svensson**

CEO | Raketech

Hi, Rykert. Good morning.



**Rykert Engberg**

Analyst | Carnegie Investment Bank

Good morning. Can you hear me? I have a question regarding the sub affiliation segment. Given that you have increased the number of active publishers from 50 last year to Eight this year, how much is basically organic versus paid in this segment given the decline year on year?



**Johan Svensson**

CEO | Raketech

We are not disclosing the split yet between paid and organic, but we see an organic growth in the organic segment.



**Rykert Engberg**

Analyst | Carnegie Investment Bank

Good. Also, on the affiliation marketing side, have you seen the assets that are operating in partnership? Have you seen a good momentum in these during the quarter and the end of 2024?



**Måns Svalborn**

CFO | Raketech

Good. Also, on the affiliation marketing side, have you seen the assets that are operating in partnership? Have you seen a good momentum in these during the quarter and the end of 2024?



**Johan Svensson**

CEO | Raketech

We see in Q4 last year, we did the one for the slot portfolio where we have seen a good momentum. The latest one, they were launched during Q1 here, and most of them in March. We see a good operational momentum with very high operational activity, but it is too early to see any revenue impact.



**Rykert Engberg**

Analyst | Carnegie Investment Bank

Okay. Thank you. That was all for me.



**Johan Svensson**

CEO | Raketech

Thank you, Rykert.



**Operator**

If you wish to ask a question, please dial #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

Yes, let's look at the written questions. We have a first one here from Hampus. How does the Brazilian market look so far this year?



**Johan Svensson**

CEO | Raketech

The Brazilian market is not a huge market for us, but we have some revenue from it, and we saw a slow start in January, but the revenue picked up throughout the quarter.



**Johan Svensson**

CEO | Raketech

Next one from Hampus. Can influencers from different platforms use Affiliation Cloud?



**Johan Svensson**

CEO | Raketech

Influencers is, I do not know exactly what you refer to here, but we have different influencers and in-app, different types of in-app products using the platform already. We're constantly working on developing the platform for a new type of, yeah, traffic streams who could use it. The answer is yes on that question.



**Måns Svalborn**

CFO | Raketech

There is one question around what is the EBITDA profitability of affiliation at current revenue levels. I take this as you mean affiliation marketing. We do not split that separately, but what we have said previously is that the EBITDA margin for affiliation marketing in general is between 60%-80%, and that still stands. Another one, Kassumba, is the interest charge of 5%-6% plus a new clause, or did it exist in the original earnout agreement? Yes, it did exist in the original earnout agreement. The rate of 5% that is actual up until September 2026 is in line with the old agreement.



**Johan Svensson**

CEO | Raketech

Good. Thank you all for listening in, and hope to see you again in July. Thank you.