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Raketech

Q2 2020



Speakers



Oskar Mühlbach
Group CEO | Raketech



Måns Svalborn
CFO | Raketech



Operator



Christian Hellman
Senior Equity Research Analyst | Nordea

Prepared Remarks



Oskar Mühlbach
Group CEO | Raketech

Good morning, everyone. Welcome to the presentation of Raketech's report for the second quarter of 2020. Let's move to the second slide, please. My name is Oskar Mühlbach. I'm the Group CEO. In addition to myself, you will also today be hearing some insights coming from our CFO, Måns Svalborn. But before we jump into the presentation, I want to quickly just comment on our new visual identity. For those who don't know, we started as a Poker Rakeback Network, thereby the name Raketech 10 years ago. Since then, we've transformed into a tech-driven performance marketing partner to the iGaming industry, and as we continue to develop and advance into new technologies, gaming verticals, and geographies, it was time to also update the visuals accordingly.



Oskar Mühlbach
Group CEO | Raketech

We wanted to create something modern and unique that symbolizes our constant strive towards finding new and more efficient ways, as well as something more friendly and playful to signal that we are easy and transparent to work with. That was very quick about our brand. Now, over to the presentation. Slide three, please. Today's agenda has, since last time, basically only changed color, which means that I will start by walking you through the financial and operational highlights of the quarter. Måns will then elaborate further on the financial details, after which I will conclude today's key takeaways. At the very end, we will, of course, also make room for questions if there are any. Slide four, please. This slide highlights our most important KPIs, the ones telling you about our revenues and profit.



Oskar Mühlbach
Group CEO | Raketech

And as you can see in the circle to your left, our total revenues for the quarter reached EUR 7 million, which equals just about 24% in annual growth. Compared to the first quarter, our growth was 7.4% at the same time as EBITDA increased with 7.5%, which you can see in the second circle. The fact that EBITDA was essentially the same or slightly better than the growth in revenues is a signal that we're doing something right. This is considering that a fair share of our growth is relating to the recent acquisition of Lead Republik, where revenues primarily stem from paid media, which by nature is significantly lower in terms of margins. This is perhaps even more obvious when looking at the largely increased NDC number displayed in the circle to your right, which primarily originates from NDCs generated through Lead Republik.



Oskar Mühlbach
Group CEO | Raketech

Fluctuations in the combination of paid media and revenues originating from organic assets, our product mix, is, in other words, very much influencing our EBITDA margin. For clarity, this is just as we anticipated, but I do understand that the comparison with previous periods might be a bit more tricky to do. Måns will therefore, in just a few minutes, elaborate a little bit more on this in one of his slides. To avoid any potential misunderstandings, I want to emphasize that our growth ambitions, even though we, of course, aim for paid traffic to continue to develop positively, are primarily within organic initiatives. This is what we do best and where we continue to put our long-term focus. As a quarter, Q2 was in many ways a very challenging quarter.



Oskar Mühlbach
Group CEO | Raketech

The ripple effect from COVID-19 resulted in a sudden loss of sports revenues, and the temporary additions to the legislation in Sweden added uncertainty. Due to these two factors, we experienced a more hesitant attitude towards marketing investments from the operators, with June being extraordinarily slow. Taking this into consideration, I'm happy to be able to conclude organic revenues basically in line with the previous year, totaling -1.2%. Our growth ambitions are, of course, significantly higher than this, but looking at the circumstances, I think we managed to navigate okay. In contrast to June, July, however, saw a strong revenue development. This is due to a combination of bad weather in Sweden, players looking to open multiple accounts due to the new Swedish temporary regulations, and small but still noticeable return of selected sports events.

**Oskar Mühlbach**
Group CEO | Raketech

Particularly, the start of July was strong, but with a more normalized or perhaps slow end of the month. So, all in all, fairly strong numbers considering the circumstances for Q2, with particularly good performance from casino-related assets, to some extent compensating for the lost sports sales due to COVID-19. Let's move on to the next slide, and that is five. With this and the next slide, I want to highlight a few fundamental factors that I think are important to keep in mind when you look at Raketech and our industry. First, a few words on the, for us, so important Swedish market, which is becoming more and more advanced. The gaming regulations that came into force on January 1st, 2019, with all of its good intentions, are unfortunately not working as intended yet.

**Oskar Mühlbach**
Group CEO | Raketech

Sure, tax money from the casino operators is collected to the state, but a very unfortunate side effect is that it basically leaves the goal without its keeper for the black market. Our best estimate is that 10%-15% of the Swedish gambling market is lost, which is the number in the circle on your left. There are actually studies that claim that this number is as high as 25%, and maybe the truth is somewhere in between. As a consequence, we've noticed a change in attitude from the operators towards the Swedish market, from positive a few years ago to now being generally negative, and with the recent temporarily and swiftly imposed updates to the regulations earlier this summer, this attitude has unfortunately continued to deteriorate.

**Oskar Mühlbach**
Group CEO | Raketech

Another key thing to bear in mind is that with regulations also comes competition from companies such as Google, Facebook, and other programmatic marketing alternatives. Taking all this into consideration, I still believe Sweden, once the turbulence has settled, can develop into a really good market, but only for those operators and affiliates that find new smart ways to ensure they generate value to their customers. This is why I think it is absolutely essential for Raketech to keep investing to make sure we have solutions that cater for the more advanced landscape currently evolving in Sweden. The AI-powered top list that I talked about in the previous presentation was one important initiative on this theme. And this quarter, we have developed another initiative called Extended Audience, which I will be explaining in just a little while.

**Oskar Mühlbach**
Group CEO | Raketech

But before jumping to the next slide, I want to once again highlight the impact from COVID-19 on our sports-related revenues. As basically all major leagues around the world, including the European Championships in football, were canceled, sports betting as a segment literally took a pause. Slowly but safely, we have, however, seen signs of activity coming back, even though it's not back to its full potential just yet. Måns will later talk more about this in his presentation, but as you can see in the circle to your left, we estimate that revenues would have been roughly 10%-15% higher if sports would have been on as normal during Q2. And obviously, our EBITDA margin would have seen a significant lift. Next slide, please. And that is six.

**Oskar Mühlbach**
Group CEO | Raketech

As a direct effect of the Corona situation fueling all digital industries, the digital gambling share of total gambling has gone through the roof. Putting this into context, the global iGaming share was in January 2020, 13.2%, but it's now closing in on 18%. This equals a growth of 36% in the first seven months of 2020. In Sweden, the digital share is also growing, but considering it is already high, actually expected to reach close to 70% by the end of 2020, the digital shift is not as evident here as elsewhere. In this context, it is, of course, extra comforting to learn that our share of revenues coming from outside Sweden has increased substantially during the quarter. We've seen positive development in Japan, as well as Norway and Denmark, and of course, thanks to the addition of Lead Republik, also from other parts of the world.

**Oskar Mühlbach**
Group CEO | Raketech

In our last presentation, we estimated revenues from outside the Nordics to be roughly 20% in Q2, and we managed to deliver 19%, which is the number available in the lower right corner. Next slide, please. Slide seven. Now to some operational highlights. I've previously talked about our strong operational ability, and I therefore want to elaborate on some of the things that we have been working on. Q2 was an intensive and productive quarter where we managed to roll out many initiatives, initiatives that are absolutely essential to support our future growth, but also the essence of what I think makes Raketech different from other affiliates. To be able to scale efficiently and to constantly learn from mistakes, we aim to automate and standardize everything that we possibly can.

**Oskar Mühlbach**
Group CEO | Raketech

This quarter, we therefore built and implemented an automated SEO audit system, quickly identifying deviations, positive or negative, and putting the finger on what needs to be fixed and what can be learned. Last time, I spoke about our unique AI-powered top list, which we now have operating on 30 of our sites with promising results. A core part of SEO is, furthermore, as you might know, relevant and engaging content. To be able to efficiently scale our talented content creators, we have therefore built and implemented a central content bank, automatically identifying the best-performing content. The system then allows for the content to be translated and reused on other products on other markets. This sounds easy, but it's normally a very manual and complicated process, which we, with our content bank, now have made super efficient.

**Oskar Mühlbach**
Group CEO | Raketech

Furthermore, we've migrated key assets in Denmark, Sweden, New Zealand, Finland, and India onto the same technical platform and by doing so, we allow for this product to expand geographically at a low cost. The Indian assets have since migration, by the way, doubled its traffic, even though the numbers are still very small. Furthermore, in May, there was a major Google update, as you might remember. Generally, we did not experience any major negative impact, which once again gives us comfort that we're on the right track, specifically as Google becomes better and better at identifying assets that are not only technically well-built, but also, of course, relevant to the user. Google updates are something that will keep coming and something that generally is very good, simply because they aim to promote what is most relevant for the user.

**Oskar Mühlbach**
Group CEO | Raketech

However, for a company like us, it also points out points on the importance of product diversification to ensure the risk in our portfolio of assets is well-balanced. And with that, I mean the need for more products like the TV Sports Guide or How to Bet, which I will talk about soon. Another big thing for us is that we, during the quarter, decided to permanently transition into what we refer to as a remote-ish office setup. Our staff satisfaction is all-time high, our productivity levels are better than ever, and applications for new roles, once being announced as remote-ish, have increased with over 400%. So the decision was easy. And as a bonus, we expect to be saving up to EUR 200,000 per year in office-related costs alone. Money better spent on growing the business. Last but not least, we have intensified our U.S. efforts.

**Oskar Mühlbach**
Group CEO | Raketech

During Q2, we delivered a new product targeting the American audience, which I will talk briefly about on the next slide. We've also secured commercial agreements with most of the major operators. We obtained another license, this time in Colorado, and we have received preliminary positive rulings from West Virginia and Pennsylvania. Furthermore, we are in the midst of developing and adjusting the, in Scandinavia, so popular TV Sports Guide to be ready for launch in the U.S. in Q4 of this year. All in all, high level of activity during the quarter and much, much more in the pipeline. Next slide, please. In terms of commercial milestones targeting the user, we have worked hard to build and launch two major ones in Q2. The first is a completely new product targeting the USA on the domain howtobet.com. It's an informative site targeting the relatively new to online gambling audience.

**Oskar Mühlbach**
Group CEO | Raketech

It is recently launched, and we're trying it out, but the interest from operators in the U.S. is already high. We intend to grow howtobet.com initially by investing in paid media, but are, of course, in parallel investing significantly in ensuring it takes a solid organic stance in the long run. If everything goes well, we expect some revenues in Q4, but anticipate 2021 to be the big year for How to Bet. Within the e-sports segment, we have completely rebuilt and relaunched our esportsguide.com. Worth mentioning about esportsguide.com is that a large portion of the traffic is coming from the USA, and since our increased efforts already initiated in Q1, traffic numbers have increased 10 times. I don't expect any major revenues from this product soon, but seeing the site grow, I would not be surprised if 2021 could be the year when it gets a breakthrough.

**Oskar Mühlbach**
Group CEO | Raketech

Next slide, please. And we are on slide nine. Looking at the part of our offering targeting our customers, the operators, we have also passed two major milestones during the quarter. The first one is what I referred to earlier, the Extended Audience product. Essentially, we use enriched data that we've gathered within our own large ecosystem of assets to help operators target specific audiences on external platforms. And by doing so, we help the operator get better return on their external marketing spend at the same time as we add a new revenue stream to our existing business. We're currently running it in a test phase with one of the major operators, and we still have some fine-tuning to do. In the long run, I, however, believe that this could be an important complement to our more traditional affiliation sales.

**Oskar Mühlbach**
Group CEO | Raketech

It will most likely not be our largest revenue stream, but it has potential of making at least a substantial contribution. We hope to be able to roll this out already this year, and to my knowledge, we are unique in our industry to be able to offer this. As I mentioned before, we have noticed an increased demand for transparency from operators coming with market maturity. This is also why we have launched a VIP program available for all major partners. In the VIP program, we share data insights about specific operators' performance against aggregated industry data, as well as granular comparisons against our household brand, RapiDi. By doing so, we help the operator improve its performance, which in the long term creates better and longer-lasting relationships.

**Oskar Mühlbach**
Group CEO | Raketech

Speaking about relationships, our embedded services program, where we act on behalf of the operator, essentially managing their affiliate acquisition, we have secured yet another contract during the quarter with one of the major players. All of the initiatives mentioned on this slide are steps forward on our journey to transition from affiliation only to the iGaming performance marketing partner. Now to what you have all been waiting for, the financials in further detail over to you, Måns.

**Måns Svalborn**
CFO | Raketech

Thank you, Oskar. And let's start on slide 11, please. We saw a 24% growth in revenues for Q2 compared to 2019, which essentially came from our recent acquisition, Casumba, and Lead Republik. Disregarding these acquisitions, our organic growth was just slightly negative of 1.2%. When comparing Q2 versus Q1, we saw a similar development with increased total revenues with 7.4%, and organic growth was as well slightly negative of 2.5%.

**Måns Svalborn**
CFO | Raketech

We are obviously not happy with a negative organic growth, but it has been a volatile quarter. Q2 was impacted by COVID-19 that specifically affected our revenues from sports. I will go through the sports vertical comparison in the next slide, but we have seen quite a significant drop in this vertical, impacting our top line. Oskar indicated a loss in revenues of 10%-15% from sports, which would equal about EUR 0.2 million-EUR 0.4 million a month in lost revenues. In addition to this, for the specific month of June, we had some seasonality effect, but there was also some hesitance from operators ahead of the re-regulation in Sweden. This led to June being the lowest month revenue-wise of the quarter.

**Måns Svalborn**
CFO | Raketech

With these external factors in mind and the fact that we've managed to navigate through the quarter with sluggish to only slightly negative organic growth compared to previous periods, we are cautiously optimistic for the long term. It is an indication that our operational performance is showing results. Next slide, please. With regards to the revenue split, revenue share has been quite stable. As I've mentioned before, operators have been to some extent more inclined to go with more revenue share, simply because it's more of a performance-based model. We have seen an increase in CPA revenue, driven primarily by the addition of Lead Republik, which predominantly has CPA. The decrease in flat fees is primarily driven by the decrease in sports revenues, where we normally sell a higher portion of flat fees, and specifically for our TV Sports Guide product.

**Måns Svalborn**

CFO | Raketech

On a general note, and I have said this in previous presentations as well, we continue to assess the right balance between the different revenue models. The assessment is dependent on several different factors, such as market, segment, operator, and to some degree, macroeconomic factors. In our vertical split, casino-related revenues have increased from 78%-89% in Q2 compared to Q1 this year, and sports have had a matching decrease in relative revenues. This is, as Oskar pointed out in the beginning, a consequence of COVID-19 and canceled sports events, and as I've mentioned in the previous slide, has impacted our revenues for the quarter. The acquisition of Lead Republik has also led to higher casino-related revenue, as their current portfolio is tilted toward this segment.

**Måns Svalborn**

CFO | Raketech

Finally, revenues outside of the Nordics have increased from 14% in Q1 to 19% in Q2, very much in line with our communication in the previous presentation. The increase stems primarily from Lead Republik, with revenues primarily from New Zealand, Germany, and Canada. And worth mentioning as well, our Japanese efforts through Casumba have continued to develop positively and according to expectations, and has continued to contribute to our increased revenues outside of the Nordics. Next slide, please. Net profit for the quarter amounted to EUR 1.2 million. The main item relates to depreciation on our intangible assets. These assets consist of player databases, other intellectual property, and a technical platform, primarily related to Casumba, Casinofeber, and Lead Republik. These assets are depreciated over a period of three to five years and are impacting our net profit, as illustrated in the diagram.

**Måns Svalborn**

CFO | Raketech

The other items below EBITDA are minor, but worth pointing out is that the only cash-affecting item relates to the interest expense of EUR 0.05 million. Next slide, please. Total assets amounted to EUR 82 million, of which the majority relate to our intangible assets. On our liability side, amounts committed of EUR 9 million consist of expected earnouts, which primarily relate to Casinofeber, Casumba, and again, Lead Republik. We have, during Q2, revalued the earnout related to Casumba of about EUR 0.8 million, as its performance has continued to develop positively. Worth mentioning as well is that we have had a positive development during the quarter with regard to our cash flow that has remained on a stable level, and I will go through this on the next slide, but it has enabled us to repay EUR 1.5 million related to our credit facility with Swedbank.

**Måns Svalborn**

CFO | Raketech

And you can see this under borrowings in the balance sheet. Next slide, please. This slide illustrates our cash flow bridge Q2 versus Q1 of this year. Net cash from operations of close to EUR 3.2 million is up from EUR 2.6 million compared to previous quarter and has increased with higher profitability, but also from a positive development in our working capital and more specifically for our trade receivables. As I mentioned in the previous slide, we have repaid EUR 1.5 million related to our credit facility with Swedbank. Net cash from investing activities relates to primarily earnout payments of EUR 1.6 million and cash flow from finance activities related to interest and lease payments. Disregarding the repayment of a credit facility, we have a positive net cash flow of EUR 1.5 million for the standalone quarter, up from EUR 0.5 million compared to Q1 of this year.

**Måns Svalborn**

CFO | Raketech

And the increase is driven, as I mentioned before, essentially from higher profitability, lower earnout payments, and a positive development from our trade receivables. Next slide, please. This slide illustrates our margin in Q2 of this year compared to last year. I went through something similar the last presentation, and Oskar mentioned it as well, but since our reported EBITDA compared to Q2 of last year is quite significantly lower, I will walk you through the contributing factors behind this in a bit more detailed perspective. The EBITDA margin in Q2 of last year was 51.1% compared to 40.2% now in Q2, and the bigger line item bringing the EBITDA down relates to direct costs. We have, during the last year, added new products and offerings, the main ones being Rapidi, Paid Media, and the most recent one, Lead Republik.

**Måns Svalborn**

CFO | Raketech

These are all lower margin products but are essential for us to be able to be the full-service performance marketing company that global operators are looking for and essential for us to be able to reach a much bigger geographical spread. With regard to the employee benefit expenses, we have seen higher costs in absolute terms. These are as well a direct effect of the transformational change and geographical expansion. We have, during the last year, strengthened the management team. We've strengthened our data and sales analytics team, and we have expanded our organization to cater for an increased focus on M&A and entry into the U.S. market. Current level is, however, more or less scalable, which means that as we increase revenues, it can have a relative positive effect on EBITDA margin, as we see in the diagram.

**Måns Svalborn**

CFO | Raketech

The same goes for other costs, which we have in absolute terms increased as we have added Lead Republik and Casumba, but the relative effect on our margin with increased revenues is minor. So, to sum up, the increase in costs and its relative effect on our EBITDA margin relate primarily to added products such as Rapidi and Lead Republik. We have also made deliberate investments in our organization to ensure we can deliver on our operational goals. Next slide, please. This slide illustrates the margin development between Q1 to Q2 2020. Our direct costs in general have been stable, but again, with the addition of Lead Republik as a lower margin product, increased revenues for this product will have a downward push on our total margin. Employee costs have been stable and thus have a positive margin contribution as revenues increase, similar to the effect in the previous slide.

**Måns Svalborn**

CFO | Raketech

We have seen a decrease in other costs, primarily as we haven't needed to take any provision of bad debts this quarter. This is an effect of extra focus from the organization in this area. Thank you. Back to Oskar and slide 19, please.

**Oskar Mühlbach**

Group CEO | Raketech

Thank you, Måns. That was the last slide of today, so please allow me to wrap up with today's key takeaways. In times of volatility, it is important to have long-term strategic goals, and here at Raketech, we have four of them to ensure we keep the right focus. In terms of establishing presence on three continents, we've taken important steps in this direction with reference to the increased U.S. efforts, our standardized platform that allows for cost-efficient rollouts to new markets, as well as positive development in Japan.

**Oskar Mühlbach**

Group CEO | Raketech

With regards to having four to five flagship products, the launch of howtobet.com ticks this box. And I'm a little extra excited about this one as it is our first completely in-house developed product of that character. The green arrow in front of our ambition of diversifying our product offering is supported by How to Bet, but primarily perhaps by the Extended Audience product that I talked about earlier. The fourth goal is to lower our dependency on the casino vertical, but during the second quarter, this has actually developed in the wrong way if you look at it in absolute terms, as an effect of sports betting being lowered. I would, however, still like to keep this as a green arrow pointing upwards simply because of the many initiatives that we have done targeting sports.

**Oskar Mühlbach**

Group CEO | Raketech

And also, please bear in mind that the reduced sports betting revenues are expected to return back once the COVID-19 situation has improved. Looking at the financial headline, we grew with 24.1% during the quarter, primarily thanks to acquisitions. Our sports sales dropped significantly due to Corona but was compensated by a strong casino performance. We managed to maintain a stable EBITDA level quarter over quarter despite changes in product mix and investments in product development, and our July numbers amounted to EUR 2.4 million with a margin of around 40%. With regards to milestone and events, our revenues outside of the Nordics came in, as projected, at close to 20%. We also launched Howtobet.com to target the U.S. market. And speaking about the U.S., we obtained another license, this time in Colorado.

**Oskar Mühlbach**

Group CEO | Raketech

Furthermore, we launched the Extended Audience product, as previously mentioned, and we decided to move into what we call a remote-ish way of working. Going forward, we expect continuous volatility with regards to COVID. Exactly what will happen or when is simply not possible to predict with certainty. Long term, we don't expect any significant effect, besides, of course, the digital share of gambling being accelerated, which is positive, but short term, the uncertainty is still high. Also, we believe that we have not yet seen all the consequences from the Swedish temporary legislation imposed earlier this summer, and we are therefore, of course, closely monitoring this development. If everything goes well, we intend to increase our investments into promoting howtobet.com as well as the TV Sports Guide in the U.S.. Additionally, we also aim to make efforts to take some of our products already proven successful into new markets.

**Oskar Mühlbach**

Group CEO | Raketech

With this said, it is not unlikely that we in the short term might see slightly lowered margins as a result of these investments in order for us to create growth outside of the Nordics. Finally, I want to highlight that due to market uncertainty relating to the current COVID-19 outbreak, we have during the quarter chosen to be extra careful with regards to M&A, as the risk assessments have been extra challenging. This should, however, not be interpreted as us having lower M&A ambitions. As a matter of fact, this is quite the opposite. We are debt-free and operationally stronger than ever, and I look very much forward to using M&A as a tool to propel our growth ambitions once the situation has stabilized somewhat. And with that said, that was actually all for today. Let's see if there are any questions. We can jump to the next slide.

Q&A

**Operator**

Thank you. If you wish to ask a question, you may do so by pressing zero one on your telephone keypad. If you wish to withdraw your question, you may do so by pressing zero two to cancel. Again, it's zero one on your telephone keypad if you wish to ask a question. Our first question comes from Christian Hellman from Nordea. Please go ahead.

**Christian Hellman**

Senior Equity Research Analyst | Nordea

Hi, guys. A question on the NDCs in the quarter, the new depositing customers, which were almost 41,000 and up quite significantly versus, well, both last quarter and the year before. Can you comment a bit on the NDC intake and how we should think about that number going forward as we sort of try to estimate what you could generate in terms of revenues for the second half of the year?

**Christian Hellman**

Senior Equity Research Analyst | Nordea

I mean, I'm trying to sort of get some comments on the quality of the NDCs, where they are from in terms of geographical basis, etc.

**Oskar Mühlbach**

Group CEO | Raketech

Yes. Good morning, Christian. Thanks for that question. It's a relevant one. I sort of suspected that would come. The vast majority of the NDC intake, which is quite large, as you could see, is coming from Lead Republik, but also to some extent from some of our own paid efforts. And built into that type of business is, unfortunately, slightly lower CPA values for those customers. So I don't want to guide you exactly on how this will pan out, but we will see to a large degree that our NDC intake will be slightly higher than what you've been used to, but then potentially with a slightly lower value per customer.

**Christian Hellman**

Senior Equity Research Analyst | Nordea

Okay. All right.

**Christian Hellman**

Senior Equity Research Analyst | Nordea

And also, can you speak a little bit more about the U.S., which you're entering now, or at least it's a quite recent entry for you? How should we think about the U.S.? I mean, in terms of M&A, is that a possibility in the U.S., or just some more comments on the U.S. expansion and how we should think about that, I guess, perhaps not this year, but more sort of into 2021, 2022?

**Oskar Mühlbach**

Group CEO | Raketech

Yes. Also, good question. I mean, the U.S. is a hot topic. It's the largest gaming market in the world, and it's going through a rapid transformation with a high level of digital growth. So, of course, we have the U.S. as a major target on our agenda. And as with every market, we plan to enter the U.S. with a mix of all our tools in the toolbox.

**Oskar Mühlbach**

Group CEO | Raketech

Of course, we are reusing successful products that have been successful on other markets. We try to see if they fit the U.S.. We're also building initiatives from scratch, like the How to Bet product and so forth. But, of course, obviously, to make a significant footprint in the U.S., acquisitions are always interesting, and we are intensively looking for them. But we have been, due to the Corona situation, slightly slowed down within that area because it has been hard to assess where this is heading. So it would have been a responsible decision to do to make any major ones during this time. But, of course, acquisitions is very highly prioritized for us in the U.S..

**Christian Hellman**

Senior Equity Research Analyst | Nordea

And generally, in terms of M&A, what are the opportunities out there?



Christian Hellman

Senior Equity Research Analyst | Nordea

I mean, once you sort of take on the focus for acquisitions, I mean, are there a lot of targets out there, good quality ones? What's the playing field?



Oskar Mühlbach

Group CEO | Raketech

That's a good question. I would say that our approach to the U.S. might be slightly different than the more traditional approach to gray markets. The U.S. is a more educated market, and the users in America are expecting to experience higher user value from the products than maybe customers on gray markets. So in the U.S., we're basically looking for more high-quality assets, not necessarily the more traditional top list, but assets that are capturing and engaging customers in a good way. But on gray markets, we still have basically the same focus as before, but we are very much more thorough in our analysis than maybe before when we acquire companies.



Oskar Mühlbach

Group CEO | Raketech

They have to add industrial logic to make sense. We're not simply buying revenue for the sake of buying revenue. They need to add value to the business as a whole.



Christian Hellman

Senior Equity Research Analyst | Nordea

Yeah, that makes sense. But how does the pipeline look like? I mean, is there a handful of targets that you're sort of in discussions with or have on your radar, or are we talking 20, 30, 40? I mean, just to get a sense of how the pipeline seems to be at the moment.



Oskar Mühlbach

Group CEO | Raketech

Yeah. We have an M&A team in place. It's led by our former CFO, Andreas Kovacs, and one more person. So they are dedicated at looking at M&As, and they have as an objective to have at least a handful of objects constantly in dialogue with. So that's our ambition. That is about what we can handle at the moment.



Oskar Mühlbach

Group CEO | Raketech

So roughly, we push a handful of objects and discussions forward at all times, but they have to make sense for the business in order for us to actually start the day.



Christian Hellman

Senior Equity Research Analyst | Nordea

Yep. Yep. Makes sense. Okay. Great. Thanks. That was it for me. Thank you, guys.



Oskar Mühlbach

Group CEO | Raketech

Thank you.



Operator

As a reminder, if you do wish to ask a question, you may do so by pressing zero one and then turn the phone keypad. Okay. There appears to be no further questions, so I'll hand back to the speakers for any of our remarks.



Oskar Mühlbach

Group CEO | Raketech

All right. Thank you very much for today. It was a long session. Thank you for your patience, and we look forward to seeing you in November again for the Q3 presentation. Have a great day.