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Raketech

Q4 2020



Speakers



Mathias Lundberg
Analyst | SEB



Måns Svalborn
Group CFO | Raketech



Operator



Oskar Mühlbach
Group CEO | Raketech

Prepared Remarks



Oskar Mühlbach
Group CEO | Raketechn

Good morning, everyone. Thank you for joining us for the presentation of Raketechn's Q4 report for the year of 2020. My name is Oskar. I'm the Group CEO. Måns is the Group CFO, and he's also here with me today. Let's have a quick look at today's agenda. That's on slide three, please. The first section, highlights, is where I will go through the financial and operational key numbers and achievements. I will today complement this with a few slides on 2020 specific milestones, and then also very briefly try to shed some light on what we will be focusing on this year. Bullet point number two, the financial section, is where Måns will walk you through the financial details, after which I will then wrap today's session up with some key takeaways.



Oskar Mühlbach
Group CEO | Raketechn

As always, you're welcome to come forward with questions if you have any during the Q&A session at the very end. Slide four, please. We'll start with a quick view on top financial KPIs for the quarter, and as you can see, Q4 was a very strong quarter for us. As a matter of fact, with revenues reaching EUR 8.5 million, this is the strongest quarter in Raketechn's history. Compared to last year, this represents a growth of 44.7%, and compared to last quarter, the growth was 15%. I'm very happy about this. It's a strong finish, but also please bear in mind that the corresponding quarter last year was a relatively weak quarter, so the percentages are therefore slightly skewed to our favor this time. Not by much, but still worth mentioning.



Oskar Mühlbach
Group CEO | Raketechn

Maybe more important to mention is, however, that our network sales attributed to last year's acquisition of Lead Republik continued to develop very strong and reached all-time high during the quarter. This particular business area contributes with important revenues, not only from a business area we didn't have a year ago, but furthermore, from many markets that we back then did not have access to. I'm furthermore very pleased to see that our EBITDA margin follows the same pattern. This once again proves that all the hard work we've put into centralizing cost control, standardization, and automation seems to be paying off with regards to generating benefits of scale as we grow. Specifically, we are currently continuing to invest significantly into expansion, both geographically as well as with improved and new products and offerings.



Oskar Mühlbach
Group CEO | Raketechn

As you can see in the box in the lower left corner, our organic growth amounted to 15% year-over-year and 14.7% quarter-over-quarter. This can be attributed to a general solid performance across the line in combination with a strong underlying market. However, in this context, I want to take the opportunity to also highlight that our talented team targeting Japan managed to reach a new all-time high during the quarter, which in itself also made a significant contribution to our overall growth. Our NDC intake, that's new depositing customers, which you can see in the lower right box, amounted to just over 46,000 for the quarter. This is an increase of 65% year-over-year, but a decrease of 11% compared to previous quarter.



Oskar Mühlbach
Group CEO | Raketechn

The decrease is, however, in line with our own estimations as the comparison quarter, Q3, was boosted by the temporary gambling regulations enforced in Sweden as of July 2nd. In a nutshell, the regulations had many users opening several new accounts with multiple operators, which then led to a temporary uplift in terms of NDCs for us.



Oskar Mühlbach
Group CEO | Raketechn

Måns has a slide on this in his part of the presentation, where you will be able to see that Q3 stands out. If Q4 normally is a strong iGaming quarter, Q1 is, on the contrary, from a seasonality perspective, normally a slightly weaker quarter. With that said, I think it's fair to say that 2021 has got us off to a good start with January revenues amounting to EUR 2.7 million. Next slide, please. Looking at the specific operational highlights from the quarter, there are a few things I want to emphasize.



Oskar Mühlbach
Group CEO | Raketech

As you can see, I've chosen not to talk about the American Gambler integration, nor the handover of our finance assets, but rest assured, it is progressing according to plan. Instead, I want to highlight that we currently have around 13 active assets or initiatives live in the U.S. All of them are bringing in revenues. However, the American Gambler is by far the largest one at this point. Besides the TVSportguide.com, we also have local state assets being managed within the scope of the American Gambler. We furthermore now also have in-house developed assets targeting new players, such as the howtobet.com, which I've talked about before, as well as other campaign-focused assets targeting experienced players looking for the best offers for specific events, as an example.



Oskar Mühlbach
Group CEO | Raketech

The TVSportguide just recently reached close to 20,000 users for a single month, which I see as proof enough that the asset has good perceived user value, and I look forward to exploring the monetization further during 2021. To attract users to our American assets, we use all the tools we have in our toolbox, which means we do this both organically, in other words, by trying to gain ranking positions on search engines by producing great content for the users, as well as through paid media run by our talented in-house paid media team. The paid media efforts include social marketing, programmatic display, as well as traditional PPC. As you might recall, we aimed for 5%-10% of our revenues to come from the U.S. by the end of the quarter, which is also roughly where we landed.



Oskar Mühlbach
Group CEO | Raketech

For the full quarter, our U.S. revenues amounted to just under 3% of the group's total, which considering American Gambler revenues were accounted for during November and December only, and that the rest of the business broke new revenue records, is something I'm happy about. The equivalent share for January amounted to over 5%, which is the number in the lower left box. In regards to Sweden, the government announced that the COVID-19 related gambling regulations would be prolonged for yet another six months, and that they, in parallel, are working on updated permanent regulations. Besides the obvious negative effects of the black market gaining ground, I think that we have proven by now that Raketech stands strong despite regulatory turbulence in Sweden.



Oskar Mühlbach
Group CEO | Raketech

As a matter of fact, if the government manages to introduce measures to specifically go after the black market, the new regulations could potentially be something to look forward to. Finally, on Sweden, our largest asset, CasinoFeber, unfortunately experienced a decline in December as an effect of a major Google update. Just to be clear, this is everyday business for anyone working in the internet space and most of our assets on other markets, and even in Sweden, experienced neutral to positive effects from the same update. Why I still choose to highlight this, despite it being part of our everyday business, is that one, CasinoFeber is our largest asset, and two, it highlights that the strategy we have with asset and vertical diversification as well as geographical spread is the right way to go to minimize risks and maximize opportunity.



Oskar Mühlbach
Group CEO | Raketech

A good example of this that I want to highlight is that we, during December, reached over EUR 40,000 in revenues from Brazil, which is a completely new market for us with great potential, spearheaded by our network business area, also known as Lead Republik. Slide six, please. As this is the last quarter of the year, I want to quickly wrap up 2020 with regards to major achievements. To summarize an entire year in one slide is of course hard, but I've chosen what I believe are the most important steps that we have taken that already are generating benefits for us. To your right, there is a little box, and it contains a boiled down summary of our strategic operational goals. Whatever we do, spanning from project prioritizations, efforts within acquisition, sales campaigns, and more, we always evaluate against these criteria.

**Oskar Mühlbach**
Group CEO | Raketech

These are long-term ambitions, and they will continue to guide us also moving forward. However, I want to emphasize that we've taken major steps in the right direction within all of them during 2020, and that's why you also see green tick marks in front of all of them. By prioritizing initiatives outside of the Nordics, making two non-Nordic acquisitions, as well as divesting one Nordic asset portfolio, we have managed to reach 25% of revenues originating from outside of this region, and that's the green number in the lower left box. I'm furthermore a little extra happy to be able to conclude that much of this revenue stems from fast-growing markets with great potential, such as Japan, U.S., Canada, New Zealand, and as of lately, also Brazil. Last year, non-Nordic revenues amounted to only 10% of the group's total, compared to, as mentioned, 25% now in Q4.

**Oskar Mühlbach**
Group CEO | Raketech

Another milestone is, of course, our U.S. entry. Not only have we managed to get our foot in the door to this exciting and growing market, but we have also secured formal approvals to operate in 10 states. We have active commercial agreements with all major operators. As mentioned before, we have a series of initiatives already in place. As an old engineer, I can't resist to also, once again, mention all the progress we've made with regards to platforms, centralization, and standardization. With this in place, geographical expansion and product development will cost a fraction compared to the more traditional silo team development, which is common practice in our industry. It also reduces time from idea to action significantly. The third commercial milestone I wish to highlight is the added network revenues.

**Oskar Mühlbach**
Group CEO | Raketech

The team behind the acquired Lead Republik has done an extraordinary job during their first year with us, over exceeding expectations time after time. The addition of this business to our core offering has also been a successful and appreciated extension, making the Raketech offering stronger than ever. Speaking about acquisition, let's move on to the next slide. That's slide seven. On a general note, we target businesses that bring us closer to our strategic goals. The most obvious one is perhaps adding new markets, but it can also be added know-how or specific technologies that can be scaled within Raketech or new type of product offerings or commercial dimensions. We look for businesses ideally run by motivated entrepreneurs, where our technical infrastructure, specific core expertise, our commercial agreements, central administration, and more have the potential to have a large impact positively on growth and profitability.

**Oskar Mühlbach**
Group CEO | Raketech

During 2020, I think we got this right. We are able to see improved commercials, basically better deals, accelerated growth and margins, as well as geographical expansion and reduced overhead costs, thanks to shared central administrations and benefits of scale. If we look at Lead Republik specifically for a moment, we have, since we acquired them in March 2020, been able to conclude an annual growth exceeding 50%, with single months experiencing growth well over 100%. With regards to profit, Lead Republik has grown with even more. On an annual level, the profit contribution is up with roughly 100%. Currently, our return on investment is estimated at roughly two years. Our latest acquisition, The American Gambler, is our second acquisition during 2020. In only three months, we have already taken over administration and legal processes, as well as rolled over several assets to our shared technical platform.

**Oskar Mühlbach**
Group CEO | Raketech

Additionally, we have dedicated central resources to provide content and technical SEO, and our American sales team has renegotiated commercial agreements and managed to secure several new, already adding incremental revenues. Furthermore, we've provided infrastructure resources to facilitate the rollout of several new local sites providing information for specific U.S. states. All in all, both of these acquisitions are good examples of what we typically are looking for and how we want to continue to operate post-acquisitions. The American Gambler is, of course, relatively new, so we will have to wait and see before we draw definite conclusions. From a process and strategy point of view, I am more than confident that the acquisition and integration model we operate after gives us the best prerequisites possible to succeed.



Oskar Mühlbach
Group CEO | Raketech

With those words as a little bridge, let's skip to the next slide, where I have a few words on what we have in sight for 2021. That's slide eight, please. Temporary legislative changes, Google updates, markets opening and closing, macroeconomic factors swinging back and forth. These are all things we need to be prepared for and need to be able to handle. Sometimes it will mean temporary declines and sometimes temporary uplifts. In addition, we have, of course, the more structural changes that are easier to predict, perhaps. First of all, the digitalization, gambling moving from offline to online, that is. During 2020, the global online share of gambling has grown from 13% to currently 20%. This according to the H2GC official statistics. I see no reason for this development to slow down even after the COVID situation is under control.



Oskar Mühlbach
Group CEO | Raketech

As a matter of fact, my gut feel is that the digitalization will be much quicker than anyone can ever imagine. The American market will be the largest iGaming market in the world. It's just a matter of time. Most countries will regulate iGaming sooner or later. With digitalization comes great opportunities for Raketech. Same thing with the U.S. However, we must also bear in mind that regulated markets open up for competition from other granular marketing sources, which means that we need to ensure that our services that we provide keep evolving so that the ROI delivered by us continues to be better than the ROI delivered by alternative competitors. We furthermore need to ensure we have a wide base to stand on in terms of geographical spread, as well as offering and assets.



Oskar Mühlbach
Group CEO | Raketech

This to minimize potential consequences of sudden changes in legislation, Google updates, et cetera, maybe more so to be able to maximize our commercial opportunity. In our case, to be more specific, we will during 2021 accelerate our M&A efforts. Without making exceptions, of course, from our strategy, we will increase our search and look for not only more objects, potentially also larger ones. As a natural consequence of thinking bigger, we will, of course, also have to ensure that our capital structure allows us to do so in a way that it brings good value to all shareholders. We don't have anything specific to present here today, with the relationships we have with banks and investors, I'm confident that we will find a strong and beneficial capital structure to ensure we can accelerate our growth in a good way.



Oskar Mühlbach
Group CEO | Raketech

During 2021, we will also start making better use of what we call the Raketech ecosystem, just like we have done with the infrastructure with regards to exchanging know-how, resources, and more. I believe that there is an opportunity to further use our assets to cross-promote and retarget users with programmatic marketing and more. Assets with millions of users, such as the TVsportguide, could, for instance, cross-promote other assets with better conversion and narrower audiences. This needs to be done in the right way, of course, not to dilute the user experience, but we believe that there is an opportunity here. Furthermore, we look forward to accelerating our geographical expansion, not only through acquisitions, but also by rolling out existing assets to new territories. During 2020, we developed a few new commercial products such as the Extended Audience, which I've talked about before.



Oskar Mühlbach
Group CEO | Raketech

We have still not yet been able to see any major effects from these in terms of revenues, but this is something we hope to be able to accelerate during 2021. As well as deep diving into new channels and content types without promising anything. Examples of this could be video, podcast, free-to-play, and more. If we get this right, I'm looking forward to being able to conclude in next year's final quarterly presentation that Raketech has an even more solid geographical footprint with a large share coming from the U.S., that we have accelerated our growth significantly with M&A, and that we are the best full-service performance marketing partner to the iGaming industry. Måns, you're up next. Let's have a look at our financial details, and that's on slide nine.

**Måns Svalborn**

Group CFO | Raketech

Thank you, Oskar. Let's start on slide 10, please. As Oskar pointed out, we have an all-time high for Q4 with revenues at EUR 8.5 million. The growth from 2019 relates primarily to our recent acquisition of Lead Republik. Worth pointing out again is that we did this quarter continue to show positive organic growth of 15% compared to last year. To mention a few positive contributors, we're happy to see that our Japanese assets have increased its revenues with slightly more than 50% from last year. Also our Swedish casino assets have been performing well and showing growth year-on-year. Comparing Q4 with Q3 of this year, we're up 14.7% in organic growth. Our network sales through Lead Republik continue to develop very strong with an increase of 45% from last quarter. Again, Japan continues to grow with 16% from Q3. Next slide, please.

**Måns Svalborn**

Group CFO | Raketech

This slide shows our full year for 2020 compared to 2019. It's split on revenues, EBITDA, and net profit. As we've covered before, we had acquisition-driven growth during the year, but it's positive to see that return to organic growth both in Q3 and Q4, and came in with a small positive growth even for the full year. Although the growth is small, we're satisfied with the outcome considering we've lost significant in sport revenues due to canceled sports events during the year. Our EBITDA margin has been lowered for the year. This is an effect of us adding new products such as the added network sales from the acquisition through Lead Republik. We have, however, in absolute numbers, improved our profitability, as you can see in the increase of EBITDA of 9%. This is obviously an effect of our growth in revenues.

**Måns Svalborn**

Group CFO | Raketech

Our net profit is essentially unchanged. This is an effect of our deliberate approach of increasing our amortization of intangible assets. We do this to make sure we maintain a fair value of these assets in our balance sheet. Worth pointing out is that even though these costs lower our operating profit, they have no effect on our cash flow. That's why our growth in net operating cash flow has seen similar growth to that of our EBITDA. Next slide, please. This slide illustrates our NDC development for the last four quarters. I mentioned this in the Q3 presentation, but as a general reminder, the biggest increase in FTDs comes from the acquisition of Lead Republik. Apart from that, and as Oskar mentioned as well, Q3 is standing out, and this was an expected effect and temporary boost from the re-regulation in Sweden.

**Måns Svalborn**

Group CFO | Raketech

We expected this to slow down in Q4, and it has, as you can see in the far-right column representing Q4. I can also mention that we had positive growth in NDCs outside of the Nordics, which had a somewhat offsetting effect. Another point to make with regards to NDC is that it's not as relevant as a KPI for us as it has been previously, at least not its relation to generating revenues. As we've added new products and geography, an NDC from a revenue perspective is very different depending on from which market and product it is generated. For example, U.S. being a high-value CPA market, but with little to none RevShare and other markets such as Japan with higher RevShare, and then lastly, the services we offer within our network sales, which generate a lot of NDCs but at lower value.

**Måns Svalborn**

Group CFO | Raketech

Just keep this in mind when you're looking at our NDC data. Next slide, please. With regards to the revenue split, there isn't a big difference from Q3. CPA, RevShare, and fixed fees are more or less in line. We did, however, see a shift within our products and regions, and as I mentioned in the previous slide, the boost of CPAs from the re-regulation in Sweden slowed down in Q4, and there was a shift from CPA revenues to RevShare. The increase in revenues from our network sales, which is predominantly CPA, did, however, have an offsetting effect on CPA revenues, and the net effect ended up being minor. Our vertical split shows a small relative increase in sports, and this comes from a general increase in our sports assets and primarily from the acquisition of American Gambler, but as well as sports revenues for our network sales.

**Måns Svalborn**

Group CFO | Raketech

There is an increase from sports in absolute numbers of about 28%, but as casino grew significant as well, the relative increase is not very visible. I can also point out again that the sale of the finance vertical means we now have a lower portion of sales from the vertical we call other. Finally, revenues outside of the Nordics have increased confidently to 25% in Q4, which is very much in line with what we indicated in Q3. As you've gathered, it's added U.S. revenues growth in Japan, but also growth on other markets, even though it's not as big in absolute terms. Next slide, please. This slide illustrates the bridge between our EBITDA and net profit. As I've mentioned before, these transactions are primarily non-cash affecting items with the exception of interest paid, which is minor.

**Måns Svalborn**

Group CFO | Raketech

There are two items I can highlight. The first one relates to the gain of our sale of the finance consumer assets that we sold in November, and this generated a non-recurring gain of EUR 0.4 million. The other item relates to amortization on our intangible assets, and they are amortized over a period of three to five years and are impacting our net profit. Next slide, please. In our statement of financial position, we have total assets amounting to EUR 91 million, of which the majority relate to our intangible assets. The change in intangible assets during Q4 relates to the acquisition of American Gambler, the disposal of the finance assets, and adjustment to earn-out, and finally, amortization. On our liability side, amount committed of EUR 14.5 million consists of expected earn-outs, which primarily relates to CasinoFeber, Casumba, and Lead Republik. Next slide, please.

**Måns Svalborn**

Group CFO | Raketech

This slide illustrates our cash flow bridge Q3 versus Q4 this year. Net cash from operations of EUR 3 million is a reflection of our higher profitability. It's not a perfect match with our EBITDA. This is mainly because of timing effects from trade payables. Within our cash flow from investing activities, we settle earn-out payments of EUR 1.7 million. We've acquired American Gambler and received the upfront consideration of EUR 3.4 million from the sale of the finance assets. The last item under other relates to interest paid. Next slide, please. This slide illustrates our margin in Q4 this year compared to last year. Q4 of last year had a lot of costs that were of a non-recurring character. The comparison is a bit difficult to illustrate, and it's actually not really relevant.

**Måns Svalborn**

Group CFO | Raketech

I'll run through this one quite quickly, but want to make two points. Compared to last year, we've added costs, or rather direct costs, and this is through our acquisition of Lead Republik. This is an important added service for us, but it operates with a lower margin. The second point I would like to make is that even though we go up a bit in absolute terms in costs, the costs have reached a fairly scalable level, which means that the EBITDA margin increases as we generate more revenue. This is a bit more visible in the next slide. Let's go to the next slide, please. This slide illustrates the margin development between Q3 to Q4 of 2020.

**Måns Svalborn**

Group CFO | Raketech

To clarify what I explained on the previous slide is that the improved revenues in Lead Republik, at least the network sales, will on the one hand increase our profitability, but will have a lowering effect on our EBITDA margin as a whole. However, as other parts of our business grow, so for example, our Japanese efforts, this will improve our margins as our employee cost and other costs have reached a relatively scalable level. In Q3, we indicated that we could see a slightly lower EBITDA margin as an effect of our continued efforts in product development and geographical expansion. This materialized to some extent. However, with higher revenues this quarter from our higher-margin products in combination with a stable level for both direct and employee costs, we came in higher than Q3.

**Måns Svalborn**

Group CFO | Raketech

This proves the point we mentioned before, that our margin is a little bit more difficult to predict as our offering has broadened during the year through a combination of higher and lower margin offerings. Our EBITDA margin will move around slightly depending on how these develop in relation to each other. January, for example, has continued with strong network sales, this will have a slightly dampening effect on the margins for that standalone month. Thank you, and back to Oskar and slide 20, please.



Oskar Mühlbach
Group CEO | Raketech

Thank you, Måns. That was the last slide of today. Please allow me to wrap up with some key takeaways. Financially, Q4 was strong. We delivered all-time high revenues of EUR 8.5 million. Year-over-year, this equals a growth of close to 45% and a quarterly growth of 15%. Organically, we grew 15% year-over-year, and our EBITDA margin landed at 43.1%, which was higher than projected, thanks to good marginal effect from the additional revenues. With regards to milestones and events, American Gambler was acquired, and our finance vertical was divested. We mentioned this already in our Q3 report, as it happened just before publishing that. Integration and handovers are progressing according to plan. CasinoFeber, our largest asset, unfortunately experienced negative impact from the latest Google update.



Oskar Mühlbach
Group CEO | Raketech

However, it is comforting to see that despite this, we are still delivering strong numbers, with January of 2021 amounting to EUR 2.7 million. Our non-Nordic revenue share came in at all-time high, representing 25% of revenues in total, which compared to 10% the same quarter last year is a significant improvement. Worth mentioning is in this context, furthermore, that Japan delivered all-time high revenues, and Brazil was added as a market during the quarter. We expect Q1 to be slightly slower than Q4 due to seasonality, which in combination with accelerated expansion efforts could have a slightly dampening effect on EBITDA in the short term. With regards to sports revenues, we're confident that we will be able to increase the share going forward.



Oskar Mühlbach
Group CEO | Raketech

We furthermore see great opportunities in many markets, specifically the American, will therefore accelerate our M&A efforts to ensure we maximize our potential here and potentially on other markets as well. To ensure we are able to do so, we will start work to optimize our capital structure, which is something that will be prioritized during the upcoming quarters. I am personally super excited about the future and the opportunities, I'm also super happy with the team we have in place. Thank you all very much for all the hard work during 2020. That was all for today. Let's see if there are any questions. Next slide.

Q&A

**Operator**

Thank you. Ladies and gentlemen, if you do wish to ask a question, please press zero one on your telephone keypad now. That is zero one to register for a question. We have a question from the line of Mathias Lundberg from SEB. Please go ahead.

**Mathias Lundberg**

Analyst | SEB

Good morning. Hope you are all well, and congratulations on strong operational performance in the quarter. I have a couple of questions. I start with one relating to just the previous slide. On the strategic goals, stated that maximum 60% of revenue from a single vertical. Does that mean that you expect it's casino versus sports? I assume that sports then will be the driver of growth going forward. Do I understand that correctly?

**Oskar Mühlbach**

Group CEO | Raketech

Good morning, Mathias. Thanks for those warm words. Yes, you understand that correctly. I would not exclude other verticals as well, but as sports is the predominant competitor to casino, I would assume that that's where we see the biggest growth. There are also other gambling verticals that we potentially could address. Yes, sports would be the dominant one.

**Mathias Lundberg**

Analyst | SEB

Okay, great. I see. If you continue on that thematic, looking at your growth markets, the non-Nordic markets such as Japan, U.S., New Zealand, Brazil, how will growth in those markets affect the KPIs in other senses? Which of these markets are CPA driven, or are they revenue share driven? I think you did mention that topic earlier in the report, but if you could give some more information on that, it would be helpful.

**Oskar Mühlbach**

Group CEO | Raketech

Yes. It's a very relevant question. It's a bit broad, so it's hard to give a very sharp answer to that. Obviously the market mix will have effects. As Måns mentioned, Japan, for instance, is much more RevShare compared to U.S.A., which is basically all CPA. That will have an impact. The American market as such, due to the fact that it is CPA driven and also to a large degree, event-driven around sport events, it's expected to be much more volatile than a market like Japan, which would then be much less volatile, for instance. The different markets will have an impact on those KPIs on an overall level.

**Oskar Mühlbach**

Group CEO | Raketech

That's why we think it's so important that we continue our strategy with having a wide geographical footprint with our foot in many, many countries to avoid single markets having a large effect on our overall performance. Yeah.

**Mathias Lundberg**

Analyst | SEB

Thanks.

**Oskar Mühlbach**

Group CEO | Raketech

I'm not sure if I gave you a good answer, but I think that's as specific as I can be.

**Mathias Lundberg**

Analyst | SEB

Yeah. Many moving parts. I get that.

**Oskar Mühlbach**

Group CEO | Raketech

Yes.

**Mathias Lundberg**

Analyst | SEB

Since Raketech has historically a stronger profile towards casino, how do you view your current portfolio towards sports? Could you perhaps give some examples there where you feel you have moved your positions forward? Or will it be M&A driven, perhaps?

**Oskar Mühlbach**

Group CEO | Raketech

Yes, I think we actually also talked slightly about this last time. We do anticipate that we will have strong growth within our own assets and predominantly on our flagship assets such as TVmatchen, but also to some extent some of our social assets currently dominant in Denmark. The main driver for our overall growth to reach that goal that we just talked about increasing sports, that will have to be acquisition-led predominantly.

**Mathias Lundberg**

Analyst | SEB

Great, thanks. One last question from my side also regards geographical exposure. Since both Germany and Netherlands are expected to regulate this year, your presence or exposure towards these markets, or should I assume that it's negligible because you haven't really mentioned those markets at all?

**Oskar Mühlbach**

Group CEO | Raketech

Both yes and no. The Netherlands market, we don't really have much presence, but we see that it's potentially a really good opportunity for us in the future. We are waiting the turbulence to settle a little bit there. With regards to Germany, it's predominantly through Lead Republik that we have a presence. It's not a non-significant market. We haven't seen any major effects from the turbulence that's been there, and we don't expect any turbulence either going forward.

**Mathias Lundberg**

Analyst | SEB

Okay, great. Maybe one last one on margins. You explained very well what the margin development depends on. Do you have any ambitions on margins going to 2021, or will it remain the same that it depends on how well revenue scales? You will continue to invest in product as well, because I'm a bit curious to what is a reasonable expectation on profit outlook for 2021.

**Måns Svalborn**

Group CFO | Raketech

Maybe I should take that one, Oskar. Perhaps I can't be very specific, but we don't see any material change in the short term. As I tried to point out, is that it can be a little bit volatile depending on which regions and which products grow. Still, we have our financial targets of 50% of margin, and that's something we still feel is relevant and something we aim for. If that's a good enough reply.

**Mathias Lundberg**

Analyst | SEB

Crystal clear. Thank you very much. That's all from my side.

**Oskar Mühlbach**

Group CEO | Raketech

Thank you, Mathias.

**Operator**

I remind you that if you want to ask a question, please press zero one on your telephone keypad now. There are no further questions at this time. Please go ahead, speakers.

**Oskar Mühlbach**

Group CEO | Raketech

All right. Thank you. We actually have two questions that have come in through email. The first one is about what percent of revenue is coming from Sweden. We normally don't guide on specific market as such, but I think it could be relevant this time to make an exception as we comment so much about CasinoFeber. Roughly, I'd say that somewhere close to 50% or just under 50% will be originating from Sweden at this point. However, we do see that our biggest growth markets are not Sweden at this time. It's Japan, the U.S., and the other markets that I mentioned before. We will see that this mix will change over time as it has done during 2020. The second opinion is, do you have an update on your cooperation with Svenska Spel?



Oskar Mühlbach

Group CEO | Raketech

Actually, we do have an update on that, and we have been chosen as one out of two affiliates in Sweden to also start doing affiliation together with Svenska Spel, something that we actually started during Q4, which I think is a great acknowledgment too, that we have quality products and our position in Sweden is very strong. That's about Svenska Spel. With those words, I just want to say thank you very much for listening in today. We look forward to seeing you back for the Q1 report in May. Have a great day.