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# Raketech Group Holding plc (RAKE.SE)

Q2 2018 Earnings Call

### CORPORATE PARTICIPANTS

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

### OTHER PARTICIPANTS

Mikael Laséen

Analyst, Carnegie Investment Bank AB

Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

### MANAGEMENT DISCUSSION SECTION

### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Good morning everyone and welcome to this Q2 2018 Results Presentation of Raketech Group. The first one as a listed company as well. My name is Sharish Aziz, and I work as an Equity Research Analyst at Danske Bank here in Stockholm. With me, I have the CEO of Raketech, Michael Holmberg, who will give us the presentation. And I'll take the question-and-answer session post the presentation.

I'll hand the floor over to you, Michael.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Thank you, Sharish. So welcome to the Raketech Q2 presentation of our performance. With me here in Stockholm today is also CFO, Andreas Kovacs. And since this is our first report as a public company, I thought I should spend a couple of minutes on explaining about who we are and what we do.

Personally, I have 17 years of experience from the gaming sector coming from the operator side, which I came into when writing a master's thesis in law about the Swedish gaming monopoly in a European community law perspective back in the early 2000. And today, I find myself challenged and excited every day, driving the affiliate part of the gaming sector forward in a sustainable and responsible way.

So who are we? We are based in Malta, founded in 2010. And we are about a 100 people strong workforce, focusing primarily on our top 20 online and mobile products and services. And we produce services for anybody interested in sports and gambling. And we have the Nordics as our main market, our home markets, and we work with all of the big gaming companies and we have over 60% of the traffic coming from mobile devices.

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Our mission to guide and inspire people to informed decision is an heritage from our founders, Johan Svensson and Erik Skarp, who are true entrepreneurs and with a passion for gambling. And they saw a demand in the market to inform the users about the latest and the greatest in the gaming sector. What are the latest campaigns? What are the reviews of the games? Where do I find the odds? Or where does the game show on TV today, what's on sports on TV today?

And this is how we build the services to connect the users with the gaming operators, keeping them up to date, following the trends, and then bridging them together. And that's how we create the win-win partnership with the gaming operators and with the users – and with users and partners at our core. And when we do this well, we also create long-term shareholder value.

Our business model then, how do we grow? We grow in Raketech Core, in the Lab and in M&A. And in Core, we continue to fulfill and sort of develop our existing services, and we do that with a diversified product strategy, which is built on four segments, which is search communities, guides and social media. Search is the main part of our revenue today but we are investing long-term into technology, in communities and guides. The couple of search products that we're particularly proud of, is Casinoguide and Casinobonusar.

On the community side, we have Denmark's leading sports community bet expert. On the guide side we have Tvmatchen.nu which is the largest TV sports tableau in Sweden today with millions of visits every month. And then we compliment this strategy with social media where we're backing up the support of the services with Facebook, Instagram and Twitter and so forth. And we're done also creating our own ecosystem promoting and cross selling the products across our inventory.

In the Lab, we can be entrepreneurs and we follow the trends, creating new products there. We're innovative. We're exploring with Twitch and other types of technology and new media. We also can launch products in our home markets into new markets, and we're focusing here on building on again back to the mission and vision on our founders we're coming from with a passion for sports and gambling, and we do that there or we can do it together with partnerships with other entrepreneurs into the future.

On the M&A side, here we can choose to grow via acquisition if we find that more favorable than launching new products in the Lab. That's also how we can enter new markets or enter new technology. A bit more about our M&A strategy, here we are primarily focusing on new technology. We're looking at new trends, new media, also working long term with partners and entrepreneurs out there to bring them on board. This can also be to extend our current product offering both in lead generation and in media.

We can look at an example here of how that works in reality. So take Tvmatchen.nu, fantastic product with a 15-year history where we then acquired the company last year with the founders onboard. We kept innovating and further develop the product but we also launched it in new markets. So today, you find Tvmatchen in five markets.

Let's dive into why we're here today, speak more about the Q2 highlights. Here, we are delivering quarter-on-quarter growth on 23% with €6 million revenue, which is then year-on-year growth on 41.3%, organic growth of close to 25%. On the EBITDA side, we are growing quarter-on-quarter by 28.2%, and that gives us an adjusted EBITDA margin of close to 54%. And this is in line with our long term financial targets.

On new depositing customers, we're delivering a little bit over 20,000. And the new depositing customers is a KPI we are tracking but it's not our main KPI as a company. Reason for that being that it's also – we also have media products and we have finance vertical. And on the search we are focusing heavily on high quality keywords, so driving maximum amount of NDCs is not necessarily what we do with our long term strategy.

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Highlights during the quarter then, we had a successful IPO on Nasdaq First North Premier on the 29th of June. Why did we float the company? Well, we believe it's the right platform for the company for future growth. It is a credibility stamp, it is aligned with our view on sustainability and regulation, brings us closer to the partners and to all the stakeholders in the industry, and it's also a logical next step in our growth story with regards to our M&A strategy and working actively with our capital structure.

We also had the FIFA World Cup which was a big event for the gaming sector as such in H1. We had planned this thoroughly and we are pleased with the outcome on how we executed on the event in itself. Then we have expanded cooperation with Svenska Spel having done larger marketing cooperation with the [indiscernible] (00:07:53). And with ATG, in partnership with them, we launched the [indiscernible] (00:07:59) on Tvmatchen.

We have two acquisitions, Mediaclever, being leading casino sites in the Swedish market, and we have Shogun Media, which brings us also then added knowledge in search in SEO but also in PPC where we can grow in Sweden and in new markets. We launched the TVsportguide in the UK and in Germany ahead of the World Cup. And what we have done in Core, some of the highlights there is that we have re-launched products such as Casinoguide, Bettingsidor, Casinobonusar, and Casinoer, and there is always ongoing work of re-launching our current products there.

Moving forward on our view on responsibility and sustainability, we are working close with all of the partners in the industry. This is something that is expected from us as a market leader, and it's not only a very important area to me personally, it's also good business manner where we see it also being a competitive advantage to focus heavily on this area.

We are GDPR compliant and the team did a fantastic job in getting up to speed there with the guidelines. And we have also rolled out the UK compliance features in all our markets so we go over and beyond what is expected from us in the other markets outside of the UK. And this is driven by our compliance manager, our own ombudsman reporting directly to myself. And then we're also seeing it being a competitive advantage where in some cases when we have acquired an asset that have previously lost the partnership with the leading sports betting company, we have managed to win that business back simply by being compliant, something we're particularly proud of.

Q2 financials, Andreas, please?

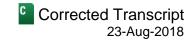
### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Thank you, Michael. So let's dive into the financials. What we can see here is historical revenue growth. We have a compounded average growth rate of 64.2% during the last 24 months. We are especially proud of the strong revenue growth between Q1 and Q2 in 2018 amounting to 23%. That was highly affected of strong growth throughout all our platforms, especially within the casino segment, but also highly driven by the organic growth throughout our media products. On top of that it was boosted by the World Cup effect.

If we go to and look more deeply in our revenues split and our revenue in Q2, there we can see all-time high revenue of €6 million. This is growth year-on-year of 41.3% ahead of our financial targets. This is built up by organic growth of 24.5% and by acquired growth of 16.8%. Here we got also effects from our latest acquisition Casinofeber and Mediaclever. If we look at the split by vertical, we can see a dominating position for casino, 76%. This was also affected positively by the latest acquisition which we made in this segment, and it has also strengthened our EBITDA as we drive the casino segment with a bit higher EBITDA as Sportsbook's.

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If you're looking at the revenue streams, you can see that rev share amounts to 42%, the highest portion. We get 41% related to CPA. And this high focus on CPA during the quarter is driven both by the World Cup where there's a certain uncertainty related to results, but also that this is something we probably will see effect of that in the media products which is growing really fast organic, there we are mainly selling CPA and flat fee deals.

And I always want to take the opportunity now and as the first time you're standing here to explain a bit more about our pricing strategy and our revenue model. I receive a lot of questions, what is the best rev share CPA flat fee? It isn't so easy to answer. You have to be data driven. That's what we are in Raketech. We are looking at the main KPI, lifetime value, on the traffic that we are sending. And we also have to invest in a long term win-win partnership with our operators. So more or less the mix of that comes up what is the best revenue model for that specific quarter.

If we go and look at the EBITDA development, we can see EBITDA margin grow between Q1 and Q2 of 2.2%. This is highly driven by the strong revenue growth which was positive effect on employee benefits and also by the operating expenses. Direct cost in relation to revenue increased and that is mainly that we are going to be switching a bit of the model where we before had a lot of in-house content, a lot of in-house development. And now we see that we want bigger flexibility and that we get through with the two higher portion of external dev and content writers.

Statement of financial positions. If you look at the balance sheet, how it looks like, we have €106 million in total assets. Out of that, the biggest portion is the fixed assets amounting to €58.7 million. And out of that, we have intangible assets of €58.4 million. And the intangible assets, that is our product portfolio. It consists of platforms, websites, our products more or less.

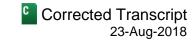
Then we have goodwill for the first time of €1.1 million related to our latest acquisition which we completed in June 2018 when we acquired Shogun Media, a long-term strategic corporation. And also, you can see that there is a high portion of other receivables as of 30th of June which relates to the IPO funds, the new share issue, which actually we received and have it in our cash from the 2nd of July, 2018.

If we look at the equity and debt side, we can see an equity of €55 million in relation to the IPO that we just completed. We can see the borrowings of €37.4 million related to the credit facility, loan facility against Ares Management. We have a total credit facility of €70 million which supports our continued M&A strategy. Amounts and commitments, that relates to future earn-out liabilities and relates to management best estimation as of 30th of June, 2018.

If we dive into the cash flow, we can see a strong cash conversion driven by a strong operational net cash flow, which is the positive effect from the working capital. We can also see that we are more or less reinvesting in new products and the new technologies which we did during Q2 when we acquired Shogun Media and Mediaclever, and that's related to the acquisition of €5.6 million during the quarter. We have also transactional costs related to IPO where we have a cash effect of €1.1 million during the quarter, and paid interest related to the interest paid to our – in relation to our credit facility to Ares Management.

So to try to sum it up, our actuals against our financial targets. What we are guiding on that's within three areas where we have a look at revenue growth, EBITDA margin and the capital structure, what we can see is that we guide on a growth of 30% on year-on-year basis. On the short to midterm way where 10% of it should relate to at least to organic growth. During the quarter if you look at year-on-year, we have a 41% growth, and out of that

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25% relate to organic growth. Profitability, we guide on 50%-plus adjusted EBITDA margin, and during the quarter we ran the business with 54% adjusted EBITDA.

And the capital structure as we will continue to acquire new products and new technologies, we are guiding on a net debt versus EBITDA leverage ratio between 1.5 times and 2.5 times. At the moment, if we take into consideration that we received the funding during Q2 related to the IPO, there'll be more or less at the moment have a zero leverage ratio.

Yes, and I will give it back to Michael.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Thank you, Andreas. And so upcoming regulation, I'm sure many of you have questions on our view on that so let's spend a couple of minutes on that. So Raketech embraces regulation in general and the Swedish regulation in particular, and we have known this has been a topic for discussion for almost 20 years that it's coming. We have deliberately continued to invest in the Swedish market.

And let's look at what is happening. The Swedish Gaming Authority have, at this point, received somewhat 40 applications for license so it seems to be going on track to be embracing a large part of the business where the channelization of – I think the target is around 90%. So that's very interesting and encouraging for the regulation.

What is happening from our side then, Sweden being our major market. We have then worked thoroughly on the strategy for this obviously, and you can divide that into two parts. You have the pre-regulation strategy and the post regulation strategy. On the pre-regulation part, you have the choice of partners that we work with leading up to the regulation, and you also have the choice of revenue model going into that. And here you are looking at lifetime values, it's casino or sports, and which revenue model that we should choose and the quality of the traffic there.

And post regulation, it is then securing good contracts from January 2019. And here we have ongoing discussions with most of the operators, many operators coming to us already wanting to negotiate deals for 2019 now. So I definitely see that the majority of the big companies will be wanting to defend their market position or grow their market position, building market share ahead of the regulation but also post regulation obviously. So there we also have the choice of our revenue model post-regulation. And a little bit more on what the impact will be and how we view the regulation, Andreas will tell us about now.

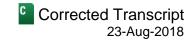
### **Andreas Kovacs**

Chief Financial Officer, Raketech Group Holding plc

Okay. So to start with, we really welcome regulation. There you have a solid ground and everyone knows how to play the game. What is important that you are prepared. And also, if we take a step back and looking what has happened historically, if you look at the regulation which has happened, it is actually – in almost all cases it has been a positive effect.

There are a few examples where it hasn't worked, but that relates to the too high tax yield or tax rates that has been applied. As lucky as we are, Sweden looked quite much on Denmark. Also regarding the tax rate, Sweden actually will have a slightly lower tax rate of 18% on the gross gain revenue. And there we feel also the comfort as we have been in Denmark that we will be able to continue to drive our business in line with our strategies that we have set up.

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If we look more in detail what will happen, yes, there will be a tax effect, that's for sure. That tax effect, however, will be for what we foresee is that it will be divided throughout the whole value chain. It has been in other markets, but in operators, game providers, and also of course, affiliates. But what we can see is also there is a huge potential for regulated market.

There are a lot of big, big operators which at the moment have just looked at Sweden, but where they feel that they want to enter the market with full power post regulation as they really want to drive the business into regulated markets. You can also see, as Michael pointed out, when we look at compare on the regulated markets where we operate compared to unregulated, you have a much higher lifetime value which you can also see in the below graph in the side. And that is driven because of the quality of the traffic throughout the whole market. I mean, it's regulated. It's much higher. So their operators are actually – they are able to pay up for this traffic.

We have seen that prices on regulated market is higher than an unregulated market when we are selling traffic. And there you can also see that that will be just maybe the most important, that in the regulated environment competition will be less. At the moment, seven of the biggest affiliation companies stands for 15% around the European market. There are a lot of smaller affiliates which is in competition with the bigger affiliates. We believe that it will be harder to drive affiliation when you have compliance which you have to always rely on, which means that the bigger players will have better position in a regulated market.

So to close up also, Michael mentioned that we have worked with Svenska Spel and ATG, and they will be our main players after regulation and there we'll really focus on increase our cooperation with them. So in the long run what I want to more or less say to you is that if you are prepared, if you have the compliance, then you don't have to fear and think about the regulations.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

So to sum this all up, second quarter for Raketech, we've seen strong quarterly revenue growth and EBITDA growth in line with financial targets. We have continued good deliveries from all our areas in the business from Core, from Lab and from M&A. We have a high focus on product compliance and the upcoming Swedish regulation. And so far, Q3 performance, we see that it's in line with expectations. However, you should always remember that we're building this company with a long-term focus on our long-term goals, long-term strategy. Thank you.

### QUESTION AND ANSWER SECTION

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

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Then I'm back. And thank you so much both of you for giving us this presentation for the first time. As per usual, I'll start off with some questions and then we'll open up for the audience, webcast, telephone. First and foremost, I noticed that, Andreas had one slide of the financial target, you've been able to beat all those on this first report. So this may come off as a cliché, but this is a strong report, right?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc



We're pleased with the Q2 performance, absolutely, and we're doing well. But we have no reason to adjust any targets. We are building long term and those are the targets that we have focusing on. So that's where we are.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)



That's good. And if you had to summarize Q2 for Raketech, a lot of things had happened both internally and also this quarter being characterized by a huge sporting event. How would you summarize Q2?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc



We've had a lot of focus on the IPO, so obviously that has been a lot of focus for the management. A lot of hours went into that and we're now happy to be going back, focusing more fully solely on the operations and building the business long term. We have exciting projects delivered from the Lab. We are following our long-term M&A strategy which means that we are acquiring companies. It doesn't necessarily mean you will be seeing acquisitions every quarter. We always value the balance there between focusing on our current business and innovation and going into M&A. And yeah, it's been a hell of a quarter and we're happy to be standing here today with delivering that report.

Sharish Aziz



Analyst, Danske Bank A/S (Sweden)

Good. Just looking at – you mentioned you've made two acquisitions over Q2, Shogun Media and Mediaclever. Just looking onto those acquisitions, have those been integrated and have they been contributing to top line this quarter already?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc



To start on the...

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc



Yeah. I mean what happened is the Mediaclever, that has certain effect during Q2, the acquired did not complete in the beginning of the quarter, but certain effect it has had. Shogun, it's more or less a long-term cooperation. We really believe in that. It was a really important strategical decision we take when we invested in this that we see a

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really important part related to pay PPC part which we will have during – after the regulations. But there hasn't been any revenue related to Shogun Media, so the revenue is related Mediaclever.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Okay. Thank you. And then just going forward, you mentioned that you've had an uptick from the World Cup. You had 21% of your revenues coming from sports. How much of that was World Cup related?

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

It's hard to guide on per exact figures there, but a small effect that's been related to the World Cup - I won't say that it's a majority but a smaller portion. It does have a positive effect, of course, which you have to take into consideration that even though we are pushing on CPA, as I explained, related to the uncertainty as it relates to World Cup, there is a lot of sign-ups during the World Cups which will have delayed effect, especially if we look at [indiscernible] (00:27:58) our community platform. We always see that it's a really nice sign-up port which doesn't have direct effect on the revenue directly, but which builds up a rev share database or a database which we can gain on in the long-term.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

So I guess is it fair to draw the conclusion that rev share distribution revenues will go up in Q3?

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

We are not really guiding on that, but if I fall back what I have said about this quarter more or less that we can see that the World Cup effect was a onetime effect related to the strategies that we choose for certain of the operators, and that of course will disappear during Q3.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Okay, perfect. And then, just looking on your geographic distribution of revenues, obviously I guess you mentioned the regulation slide. A huge portion of your revenues they do stem from the Swedish market, Nordics is heavily weighted, were there any – within the 96% of revenues that come from the Nordics, which market dominated in the – yeah, among those three, four countries within that region?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Sweden is the largest market with a majority of the income and – but we are also seeing good growth in Norway and Denmark.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

So I guess the more regulatory political aspect from the Norwegian government on regulation on gambling, you don't see any impacts of that in terms of signing deals with partners, sending traffic?

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### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

We don't see that at this point. And I also should mention that Finland is an interesting market for us where we are performing well.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

And the regulation in Finland, I guess you consider that as nothing is happening there?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

At this point, no, it's moving on as it has been in the past. There is not really much happening so it's a sticky market for us.

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

What I can mention just quickly is more or less that we are building our position on this market that [ph] also holds back (00:30:14) rev shares, CPM and so on. We're always looking at, okay, what will – what our forecast for that market, what will happen on that market, and around that we can choose the right strategy also. Which operators we want to work with, where we have win-win partnership and how we should allocate our more or less revenue share, as I call it, for the whole [indiscernible] (00:30:33).

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Thanks. Just going back to the organic growth, it was – you had 10% in Q1 and 25% now in Q2. I'd say that's a huge shift sequentially. What's the – yeah, any comments on that?

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

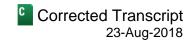
Yeah. I mean, that is driven – we have a really, really nice growth on our media products. We have been launching in U.K. and Germany, of course TV guide even though it's not the big market for us on that aspect at the moment. And also the synergies, that's how we try to build. We are acquiring – we have acquired assets which we can build on. Well, as Michael pointed out, Tvmatchen was a perfect example of where we acquired a technology of product which really believed in. We made it a bit better. And then we also rolled it out geographically and that's how also we see in the casino, for example, where we can acquire a really good platform which we believe in the technology and that through that, we can grow more or less organic throughout the different geographical areas or within our portfolio.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Great. Just one last question for me from my side before opening up for the audience. I guess we have a Swedish regulation coming up, you have close to 60% of your revenues coming from the Swedish market. You said that you are preparing in terms of contracts, the renegotiations, what will be the – I guess you had 40% coming from rev share – or 41% from rev share, 40% from CPA, and 17% from flat fees. Will we have the same distribution of income stream after regulation as well or...?

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### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

I believe – we have set a strategy which is a bit different post-regulation. We are looking at how the markets will look like. We are closely following all the operators, which will leave, will enter the market which will increase their position in the market and there will be certain operators which will be, which we'll not be able to operate on a regulated markets also.

So even though I can't exactly tell you how it will look like, I can guide you on the – yes, it will be an individual assessment on it and that could probably lead to certain – it's a different way how our revenue split will look like post regulation.

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

And then we should also come back to that. It's only the revenue share that will be impacted from this, so we see the CPAs or the subsets that we're selling, more traditional types of online performance-based marketing, that is always a demand question and there we see the big interest and we being the big player – leading player in the Swedish market, we will have a lot of them on for the players that we are guiding to the operators. And so we're comfortable about that and CPA prices and flat fees, yeah, we will see what happens.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

All right, so it's the revenue share part which is 41% of revenue that will be impacted in terms of the betting duties being transferred there? Okay.

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Yeah. And then a split between the operators and the game suppliers, yes.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Yeah. Thank you. Any questions from the audience?

Mikael Laséen

Analyst, Carnegie Investment Bank AB

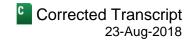
Hi, good morning. Mikael Laséen, Carnegie. I have a few questions. First one, could you quantify or say something more about the World Cup effect in Q2? It will interesting to understand the impact.

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

I would say that as you see, we have 21% of our total revenue in Sportsbook which means that the Casino part, which is the majority part to it, hasn't really been affected in a larger scale of the World Cup. With that said, this is more or less – we won't be able to communicate any exact figures. I would say that the World Cup effect on the total revenue isn't so big.

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#### Mikael Laséen

Analyst, Carnegie Investment Bank AB

Okay. Can you explain how the operators sort of manage the World Cup in Q2 in general? A lot of them seems to be much more cautious how they've sort of invested in marketing in general? Did you see and experience that also?

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

I prefer not to comment on the operators' media strategy or spend in general, but we've seen that from what we have offered, what we can offer, our sports services, there's been a big demand and we also have them as Svenska Spel coming in during that period which has been good for Raketech.

#### Mikael Laséen

Analyst, Carnegie Investment Bank AB

Okay. A few more questions if I may. You mentioned that revenues per NDC is higher in Denmark than in Sweden, can you explain the reason for that?

#### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Yeah. I mean, well, we are looking at the revenues per NDC, we are falling back the KPI lifetime value per NDC, but that's more [indiscernible] (00:35:35). What's happening there is in the regulated market in our case we'd be able to look into more deeply in Denmark. And we can see that the tier 1 operators offer a bit better products. People want to come back and play with them. That means also that when we are sending traffic and we have a rev share contract, that will have higher value at the end when you are summarizing the whole period.

And that's the big difference there as is in an unregulated market, there are a big spread of operators differing in the product offer, which will also drive bigger gaps between their lifetime values between the operators. In Denmark, we see a more stable lifetime value throughout the whole chain so that's the big difference there.

So in short, the players are more loyal to the brand. There are a bit less operators and the big operators having the quality product, they manage to keep their product – their clients better, which brings the higher lifetime value.

#### Mikael Laséen

Analyst, Carnegie Investment Bank AB

And what about Norway? I think that's sort of a really high LTV market opportunity, and it's unregulated, right? So...

### **Andreas Kovacs**

Chief Financial Officer, Raketech Group Holding plc

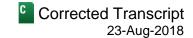
No. But as to Norway, if you look at the whole landscape, the players there are spending a lot of money, more or less, which is explained by that. But if you look at – Norway is a good example which doesn't exactly drove that – but that's a onetime example that we could see. Normally, when you look at regulated versus unregulated, there you see a difference between the LTV.

#### Mikael Laséen

Analyst, Carnegie Investment Bank AB



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Okay. And then I was just curious about the comment there that Q3 started in line with expectations. What do you mean by that?

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

We don't guide further than that. We're halfway in the quarter, but so far we can say that we are on track with where we want to be with regards to the financial targets.

Mikael Laséen

Analyst, Carnegie Investment Bank AB

Okay. Can I ask a few more?

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Yeah. Sure. Go on.

Mikael Laséen

Analyst, Carnegie Investment Bank AB

Yeah. Well, thanks. And it would be also interesting to hear your thoughts on the UK side. Can you say something about what's your strategy there? How has the market developed and so on?

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

We have certain assets in the UK today. It's not the main market. What you can see is that the UK Gambling Commission has somewhat not managed to bring really a clear guideline and regulation to the operators. So there is a bit of – it's not the kind of long term, there is a bit of uncertainty on what is happening. And that obviously creates an uncertainty from the operators, how to work with affiliates, which also means that only the bigger players will survive where they are compliant, we being one of them who take this very seriously. We stay close to the UK Gambling Commission and also close contact with the operators that are big in the UK.

#### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Any further questions? Okay? All right. Do we have any questions from the telephone?

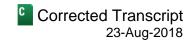
**Operator:** Thank you. [Operator Instructions] And we do have a question from the line of Mathias Lundberg of SEB. Please go ahead. Your line is open.

#### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Good morning, guys, and congratulations on the first report as a listed company and a strong set of numbers. My first question regards the revenue mix. I can see in the numbers that the casino actually grew faster than sports in the quarter despite the FIFA World Cup. How did the revenue share portfolio on the sport side performed? Were you happy with that?

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### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

To be honest, yes, just in that case maybe a bit lower than we expected. The casino part has grown also. You have to take into consideration that the latest acquisition has been made and we have a really nice and thorough casino platform which we can continue to build up.

### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Okay, I see. And well, continuing on the part of acquisitions, I also see that from the total numbers, Nordics grew faster than other markets. But from an organic perspective, how was growth rates pending there, Nordic versus other markets?

#### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

It's all similar, yeah?

#### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Yeah. The only thing that we can point out is more or less that we have launched the TVsportguide in the UK, which has a certain effect through organic growth.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

But again, those products that we're launching, media guides in other markets, those are long-term initiatives, long-term strategic investments getting volume over time.

#### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Okay. And when I look at the financial costs, from my own calculations I have a hard time seeing interest fee actually exceeding €1 million in a quarter. So do you have any other costs included in the financial costs for the quarter?

#### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

We have a one-time cost related to the acquisition. I refer to the loan facility in line that we are – we went public where we have the trigger, where we have to pay a certain amount to our [ph] resource (00:41:15) management.

### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

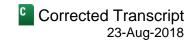
Okay. So we could expect it to come down a little bit quarter-over-quarter?

#### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Yeah. And I think what I can also mention here that in the subsequent events, we are also telling you that we've repaid [ph] €60 million (41:30) off our current debt from the fund that we received during the new share issue. So

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that you have to calculate and take into calculation when you are looking at finance and interest cost going forward.

### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Great. And I'm also a bit curious about the U.S. markets. Have you taken any initiatives towards an expansion into the U.S.? And how do you feel or see the readiness of the U.S. market from an operator perspective, from a consumer perspective? Is there a rush, or is it still a bit early?

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

The U.S. market is a very interesting market with huge potential. We are following the developments very closely. We are not in the U.S. today. We have the platforms, the domains, the technology, the knowhow and the contacts to move into the U.S. market when we feel the time is ready to do so.

### Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Okay, thanks. That was all the questions I had.

**Operator:** Thank you. [Operator Instructions]

#### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Do we have any question from the web? No? Perfect. Just to follow up on the U.S. question from Mathias, when is the timing right? What's – yeah, what's holding you back given the fact that you see a lot of the Nordics' entire value chain, yeah, participants actually moving towards the U.S. market? Why isn't Raketech going there?

#### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

We're not guiding on that in any detail. We have U.S. strategy and we have the assets and we are ready to move in when we find the time is ready to do so. But we will come back and guide on that further into the future.

#### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Okay. So no – I guess focus is currently on the Swedish market, yeah, where you have your lion's share of revenue?

### Michael Holmberg

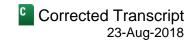
Chief Executive Officer, Raketech Group Holding plc

That's correct. So focus is on some of our main markets today and then also further looking at other mainly European regulated markets. That's where we see us growing, which will also then deliver revenue in the short to midterm.

### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

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And then just touching upon two bigger players in Sweden, the horse racing operator ATG and Svenska Spel. I guess those will remain clients post to regulation as well and those are paramount client signings that you have?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Yeah, absolutely they will remain clients and there is a lot of progress on that so that will be exciting to follow their development in the regulated environment when everybody knows the rules and regulations long-term and can compete on equal terms.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

And then on the M&A part, are there any specific markets you're looking for to enter we will see – yeah, what does the other part of geographic revenues comprise? Which market are those?

Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

Markets we're looking at are mainly the larger European regulated markets and we're also looking at the global products and we always have a lot of ongoing conversations, looking at the leads, the next technology and how we can grow further beyond Nordic markets.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Yeah. And then just one on the numbers side, you had a great cash conversion this quarter, €3.2 million from adjusted EBITDA, and then you had cash flow from operations at €3.3 million if I'm not mistaken.

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Yeah. Correct.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Yeah. And is that just stringent I'd say control from your side? Will cash conversion stay at these levels going forward or are we seeing any either costs coming in?

Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

What we can say is more or less that we are continuously working with cash conversion. It's even more important in a public environment to be able to show it to the public. However, what you can expect is more or less that we always try to have as good working capital effects as possible and trying to collect our money in time. So it's hard to guide any more on that.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

All right. But I'm guessing that it won't fall dramatically in the coming quarters at least?

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### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

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We are not expecting anything on that which makes [indiscernible] (00:46:05) I cannot communicate at the moment.

### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)



Okay. I don't have any further questions. Well I do have a lot of questions, but we can take that aside. Any closing remarks, Michael? Anything you'd like to highlight? Yeah.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

I think you can say it's a really interesting time now in the gaming sector, which you can say is online it's some 20 years old. But in my view, it's really early days still and it has moved forward massively in the past few years, the gaming sector as such. This is really a segment being an important part of that value chain has even more so come from immature to growing super rapidly. And I'm really excited about Raketech being a key player here, and we're on a growth journey here and consolidating and driving the business forward in a sustainable way. So excited about the future.

### Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Good. Good luck.

### Andreas Kovacs

Chief Financial Officer, Raketech Group Holding plc

Thank you very much.

### Michael Holmberg

Chief Executive Officer, Raketech Group Holding plc

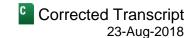
Thank you.

Sharish Aziz

Analyst, Danske Bank A/S (Sweden)

Thank you

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