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Raketech Group Holding plc (RAKE.SE)

Q4 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to Raketech Q4 report for 2020. For the first part of this call, all participants will be in a listen-only mode. And afterwards, there will be a question-and-answer session. Today, I am pleased to present Oskar Mühlbach, CEO; and Måns Svalborn, CFO. Please begin your meeting.

Oskar Mühlbach

Chief Executive Officer, Raketech Group Holding plc

Good morning, everyone. Thank you for joining us for the presentation of Raketech's Q4 report for the year of 2020. My name is Oskar, I'm the Group's CEO. Måns is the Group's CFO and he is 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. And 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 €8.5 million. This is the strongest quarter in Raketech'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. 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 the business area we didn't have a year ago, but furthermore from many markets that we back then did not have access to.

And furthermore I'm 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.

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 generally 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 target in 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. The decrease is, however, in line with our own estimations after comparison quarter Q3 was boosted by the temporary gambling regulations enforced in Sweden as of July 2.

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. Måns has a slide on this in his part of the presentation where you will be able to see that Q3 stands out.

Q4 normally is the strong [indiscernible] (00:04:08) quarter, Q1 is on the contrary from the 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 €2.7 million.

Next slide please. Looking at these specific operational highlights from the quarter there are a few things I want to emphasize. 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 are – that we currently have around 13 active assets or initiatives live in the US. All of them are bringing in revenues. However the American Gambler is by far the largest one at this point.

Besides the TV-sportsguide.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. The TV-sportsguide just recently reached close to 20,000 users for a single month which I see as a 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 aim for 5% to 10% of our revenues to come from the US by the end of the quarter, which is also roughly where we landed. For the full quarter, our US 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. And 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.

And finally on Sweden, our largest asset CasinoFeber unfortunately experienced the decline in December after the effects of the major Google update. But 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 updates.

Why I still choose to highlight this despite it being part of our everyday business, it's that one CasinoFeber, it's our largest asset. And two it highlights that the strategy we have with assets and vertical diversification as well as geographical spread is the right way to go to minimize risk and maximize opportunity. A good example of this that I want to highlight is that we during December reached over €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 6 please. This is the last quarter of the year I want to quickly wrap up 2020 with regards to major achievements. But to summarize the 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.

So you're right there is so little box and it contains a boiled down summary of our strategic operational goals whatever we do spanning from project privatizations, efforts within acquisition, sales campaigns and more we always evaluate against these criterias. 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 see green tick marks in front of them.

By prioritizing initiatives outside of the Nordics making to 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, US, Canada, New Zealand and after 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.

Another milestone is of course our US 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. And 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 the fraction compared to the more traditional silo team development which is common practice in our industry. It also reduces time for [indiscernible] (00:10:25) significantly.

The third commercial milestone I wish to highlight is the added network revenues. 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.

And speaking about acquisition, let's move on to the next slide, that's slide 7. On 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 ambitions. 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.

During 2020, I think we got this right and we are able to see improved commercials, basically better deals, accelerate the growth and margins, as well as geographic expansion and reduce overhead costs. Thanks to shared central administration 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 month experiencing growth well over 100%. With regards to profits Lead Republik has grown with even more and 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've already taken over administration and legal processes, as well as rolled over several assets through our shared technical platform. 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. And furthermore, we've provided infrastructure resources to facilitate the rollout of several new local sites providing information for specific US states.

So 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, but 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.

And with those words as the little bridge, let's get to the next slide where I have a few words on what we have insights for 2021. That's slide 8 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 on gambling has grown from 13% to currently 20%. This is according to the H2GC official statistics. And I see no reason for this development to slow down even after the COVID situation is under control. As a matter of fact my gut feel is that the digitalization will be much quicker than anyone can ever imagine. Secondly, the American market will be the largest iGaming market in the world. It's just a matter of time and thirdly most countries will regulate iGaming sooner or later.

With digitalization comes great opportunities for Raketech, same thing with the US. 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.

But furthermore, we need to ensure we have a wide base to stand on in terms of geographical spread as well as offering and assets, this to minimize potential consequences or sudden changes in legislation, Google updates et cetera, but 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, but potentially also larger ones. As a national 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, but 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.

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 knowhow 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 TV-sportsguide 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. 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 the diving into new channels and content types without promising anything, examples of this could be video podcasts, 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 US 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 financing details. And that's on slide 9.

Måns Svalborn

Chief Financial Officer, Raketech Group Holding plc

Thank you, Oskar and let's start on slide 10 please. As Oskar pointed out we have an all-time high for Q4 with revenues up €8.5 million. The growth from 2019 relates primarily to our recent acquisition of Lead Republik, but worth pointing out again is that we did this quarter continued to show positive organic growth of 15% compared to last year. And 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.

But also as we discussed assets have been performing well and showing growth year-on-year. Comparing Q4 with Q3 for 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. And again Japan continues to grow with 16% from Q3.

Next slide, please. This slide shows our full year for 2020 compared to 2019. It's split on revenues, EBITDA and net profit. And as we covered before we have 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 cancelled sport events during the year.

Our EBITDA margin has been lower for the year and this is an effect of us adding new products such as the added network sales from acquisition through Lead Republik. We have, however, in absolute numbers improved our profitability as you can see in the increase of EBITDA of 9%. And this is obviously an effect of our growth in revenues.

Our net profit is essentially unchanged and this is an effect of our deliberate approach of increasing our amortization of intangible assets and we would do this to make sure we maintain a fair value of this assets in our balance sheet. And worth pointing out is that even though this costs lower our operating profit they have no effect on our cash flow. And that's why our growth in net operating cash flow has seen significant growth that of our EBITDA.

Next slide please. This slide illustrates our embassy development for the last four quarters, I mentioned this in the Q3 presentation. But as a general reminder, the biggest increase in [indiscernible] (00:20:17) comes from the acquisition of the Republik. And apart from that and as Oskar mentioned as well Q3 is standing out and this was an expected effect and temporary boost from the reregulation in Sweden. And 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 embassies outside of the Nordics which had a somewhat offsetting effect. Another point to make with regards to embassy is that it's not as relevant as the KPI for us as it has been previously, at least not its relation to generating revenues. As we've added new products and geography in embassy from a revenue perspective, it's very different depending on from which market and product it is generated. So for example US being a high value CPA market, but with little to non rev share in other markets such as Japan with higher rev share. And then less data services we offer within our network sales which generate a lot of embassies that are low in value. Just keep this in mind, when they are looking at our embassy data.

Next slide please. With regards to the revenue split there isn't a big difference from Q3, CPA rev share 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 rev share. 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 efforts and primarily from the acquisition of American Gambler, but as well as sport revenues our network sales. So there is an increase from sports in absolute numbers of about 28%. But as casino grew significant as well to 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.

And then 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. And as you've gathered its added US revenues growth in Japan, but also growth from other markets even though it's not as big in absolute terms.

And next slide please. This slide illustrates the bridge between our EBITDA and net profit and as I've mentioned before these transactions are primarily non-cash affecting items with the exception of interest paid which is minor. And 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 €0.4 million. The other item related 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 on financial position we have total assets amounting €91 million, of which the majority relates to our intangible assets. The change in intangible assets during Q4 related to the acquisition of American Gambler the disposal of the finance assets and adjustments earn out and finally amortization. On our liabilities side amount committed of €14.5 million consist of expected earn outs, which is primarily related to Casinofeber [indiscernible] (00:24:04) Republik.

Next slide please. This slide illustrates our cash flow bridge Q3 versus Q4 this year. Net cash from operations of €3 million is a reflection of our higher profitability, it's not a perfect match with our EBITDA and this is mainly because of timing effects from trade receivables or sorry trade payables within our cash flow from investing activities we'll settle earn out payments of €1.7 million we've acquired American Gambler and received the upfront consideration of €3.4 million from the sale of the finance asset, and the last slide are under other related 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 cost that were all the non-recurring characters so the comparison is a bit difficult to illustrate and it's actually not really relevant. But a run through this one quite quickly wants to make four points compared to last year we've added cost a rather direct cost and this is still 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 cost reached the fairly scalable level which means that the EBITDA margin increases as we generate more revenues. And this is a bit more visible in the next slide, so let's go to the next slide please.

And this slide illustrates the margin development between Q3 to Q4 of 2020 and to clarify what I explained on the previous slide is that 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 grows, so for example, our Japanese efforts, this will improve our margins as our employee costs and other costs have reached relatively scalable level.

And in Q3, we indicated that it could see a slightly lower EBITDA margin as an effect of our continued efforts in product development and geographical expansion. And this material lies to some extent, however, with higher revenues this quarter from our higher margin products in combination with a scalable level for both direct and employee cost we came in higher in Q3. And this proves the point we've 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 offloads. And our EBITDA margin will move around slightly depending on how this develops in relation to each other. So January, for example, will have continued with strong network sales and this will have a slightly dampening effect on the margins for that standalone month.

Thank you. And back to Oskar, on slide 20, please.

Oskar Mühlbach

Chief Executive Officer, Raketech Group Holding plc

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 €8.5 million. Year-over-year, this equals the growth of close to 45% and net quarterly growth of 15%. Organically, we grew 15% year-over-year and our EBITDA margin down at 43.1%, which was higher than projected, thanks to good marginal effect from the additional revenues.

With regards to milestone, milestone 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. However, it is comforting to see that despite this we are still delivering strong numbers with January of 2021 amounting to €2.7 million.

Our non-Nordic revenue share came in all-time high representing 25% of revenues in total which compared to 10% same quarter last year is a significant improvement. Worth mentioning is in the context furthermore the Japan delivered all-time high revenues and Brazil was added at the markets during the quarter. We experienced – we expect Q1 to be slightly slower than Q4 due to seasonality which in combination with accelerated expansion efforts could have and slightly dampening effect on EBITDA in the short-term.

With regards to sports revenues, we're confident that we would be able to increase the share going forward. We furthermore see great opportunities in many markets specifically the American and will therefore accelerate our M&A efforts to ensure we maximize our potential year 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 and I'm also super happy with the team we have in place. Thank you all very much for all the hard work during 2020. And that was wonderful today. So let's see if there are any questions. Slide. Next slide, please.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We have a question from the line of Mathias Lundberg from SEB. Please go ahead.

Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Q

Good morning. Hope you are all well and congratulations on strong operational performance in the quarter and I have a couple of questions. I'll start with one relating to the just the previous slide on the strategic goals you stated that six – maximum 60% of revenue from a single vertical. So that – 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

Chief Executive Officer, Raketech Group Holding plc

A

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

Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Q

Okay. Great. I see. And its continuing on that schematic looking at your growth markets, the non-Nordic markets such as Japan, US, New Zealand, Brazil, how will growth in those markets affect the KPIs in other senses like which of these markets are CPI driven or they revenue share-driven, I think you did mention that topic earlier in the report, but if you can give some more information on that it would be helpful?

Oskar Mühlbach

Chief Executive Officer, Raketech Group Holding plc

A

Yes, so it's a very relevant question. It's a bit broad, so it's a hard to give a very sharp answer to that, but obviously the market mix will have effects, and as Måns mentioned Japan for instance is much more rev share compared to USA which is basically all CPA. So 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. So the different markets will have an impact on those KPIs on an overall level.

And 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.

Mathias Lundberg

Analyst, Skandinaviska Enskilda Banken AB

Q

Yeah.

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

And so if I give you a good answer. But that's I think that's as specific as I can be.

Mathias Lundberg*Analyst, Skandinaviska Enskilda Banken AB*

Q

Yeah. Yeah. Many moving parts. I get that.

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

Yes.

Mathias Lundberg*Analyst, Skandinaviska Enskilda Banken AB*

Q

And then since – well since Raketech has historically a stronger profile towards casino, how do you view your current portfolio towards sports like 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*Chief Executive Officer, Raketech Group Holding plc*

A

Yes and I think we actually also talked slightly about this last time. We do anticipate that we will have a 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. But the main driver for our overall growth to reach that goal that we just talk about increasing sports, then that will have to be acquisition led predominantly.

Mathias Lundberg*Analyst, Skandinaviska Enskilda Banken AB*

Q

Great. Thanks. And one last question from my side, also regards geographical exposure. Since – well both the Germany and Netherlands are expected to regulate this year. Your presence or exposure towards these markets, should I assume that it's legible because you haven't really mentioned those markets at all?

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

Both yes and no. The Netherland market, we don't really have much presence, but we see that it's potentially a really good opportunity for us in the future. But 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. So it's not a non-significant market. But 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, Skandinaviska Enskilda Banken AB*

Q

Okay. Great. And maybe one last one on margins. You explained very well that what the margin development depends on and – but you have ambitions on margins going to 2021 or will it remain the same that it depends on how well revenue scales, because it will continue to invest in product as well. Because I'm curious to what is a reasonable expectations on profit outlook for 2021?

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

Maybe I should take that one Oskar. Mathias I can't be very specific, but we don't see any material change in the short-term that's the point – I tried to point out this, but it can be a little bit volatile depending on which regions and which products grow. But we are not – still I mean we have our financial targets of [indiscernible] (00:35:52) margin and that's something which we feel is relevant and something we aim for. Yeah, if that's good enough replied.

Mathias Lundberg*Analyst, Skandinaviska Enskilda Banken AB*

Q

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

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

Thank you, Mathias.

Operator: [Operator Instructions] There are no further questions at this time. Please go ahead speakers.

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

A

All right. Thank you. We actually have two questions that have come in through e-mail. The first one is about what percent of revenue is coming from Sweden?

And we normally don't guide on the specific market as such, but I think it could be relevant this time to make an exception as we comment so much about Casinofeber and roughly I'd say 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 US and the other markets that I mentioned before. So we will see that this mix will change over time as it has done during 2020.

And the second opinion is do you have an update on your cooperation with [indiscernible] (00:37:33)? And 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, which [indiscernible] (00:37:46) be something that we actually started during Q4, which I think is a great acknowledgement that we have quality product in our position in Sweden is very strong. So, that's about [indiscernible] (00:38:04).

Oskar Mühlbach*Chief Executive Officer, Raketech Group Holding plc*

And with those words, I just want to say thank you very much for listening in today. We look forward to seeing you for the Q1 report in May. Have a great day.

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