

## Interim Report 2, 2021: Improved cash flow and innovation during the second quarter



Speqta AB (plc) interim report for the period January 1–June 30 2021, is published and available on: <https://speqta.com/en/investors/financial-reports>

### Significant event during second quarter

- During the second quarter, revenues amounted to KSEK 39 713 (42 942).
- EBITDA amounted to KSEK 19 801 (23 625), which is a margin of 50% (55). Adjusted EBITDA amounted to KSEK 5 622 (5 630), which is a margin of 14% (13).
- Operating cash flow was strong in the quarter and amounted to KSEK 7 631 (-2 066).
- **AdTech:** The first version of the SaaS service Bidbrains was launched during the quarter. The AI offering allows e-retailers to grow by buying more of the traffic that generates purchases. The service is aimed at the e-commerce market on Google Shopping Ads.
- **AdTech:** During the quarter, Malin Blomberg took up the position as CEO of AdTech, Shopello, and Bidbrain. Malin has experience of scaling up online companies, SaaS and e-commerce.
- **AdTech:** Digital agency Gaffla chose, during the quarter, to enter into a partnership with Bidbrain to optimize its customers' Google Shopping advertising.
- **C&C:** During the year, Rahalaitos, Finland's leading online loan broker, won top positions, for the most competitive keywords, in the loan market in Finland. Thus, Speqta has reached an important part of the synergy goal of strengthening the site's traffic acquisition. Affilijet, which runs comparison sites with strong media houses, has also developed SEO positively. The entire C&C is well poised for the return after the pandemic.
- **C&C:** Vinklubben has increased its capacity and improves segmentation. Vinklubben can therefore, from the second quarter of this year onwards, increase its capacity by about 20–25% compared with previous years, and this has already been exceeded during the second quarter by having an organic growth of 65%.

## **CEO comments**

The level of activity remained high during the quarter, with success in product development and the launch of Bidbrain, which is Speqta's SaaS-based AI service for e-commerce. Bidbrain has fantastic growth potential, as it targets the growing global e-commerce market. Vinklubben sets new records and Affilijet has gained top positions in Google rankings, which is proof that the affiliate strategy, to collaborate with reputable, leading media houses is the right way forward. Speqta therefore has an attractive, and very competitive offer in performance-based marketing.

## **AdTech: Launch of Bidbrain and Significant Progress**

The launch of the AI tool Bidbrain as a SaaS service has progressed according to plan and is a significant strategic step forward. Bidbrain targets the global market for Google Shopping Ads, valued at just over USD 70 billion. The service is transparent, easy to use and efficient, optimized to generate maximum sales based on the desired ROAS (Return On Ad Spend). Our launch in early June, was the starting point and already some digital agencies have chosen Speqta's AI tool, to optimize their customers' Google Shopping advertising. Future developments focus on improving the insights and algorithms in the service, as well as utilizing more data sources as fuel for the AI engine, to produce traffic that has a better conversion rate.

Industry reports and Analysis providers often point out the importance of AI in e-commerce. The e-retailer's fierce competition, combined with squeezed margins and an unlimited amount of data, makes AI extra suitable for making smarter and faster decisions. This creates higher conversion, while at the same time reducing the costs for the e-retailer and increasing sales. It is a new way for e-retailers and digital agencies to work with revenue, and we are convinced that this is a long-term sustainable solution and that performs better than manually managed solutions. Indubitable is that e-retailers, who use structured data and AI will be the future winners.

AdTech's sales in the quarter were affected by the continued transition from Shopello to Bidbrain. Our focus is to invest for the future, which has had an impact on profitability, but which at the same time makes the business more sustainable in the long term. Over time, the transition to Bidbrain will provide better profitability, as the SaaS service provides a high gross margin per krona earned, which is the difference from revenue generated by Shopello, where the gross margin is lower with its mark-up on purchased traffic. Sales within AdTech decreased as a result of the new business model. The reduction was expected, as less sales come from Shopello and there is a transition to the new Bidbrain service. EBITDA amounted to MSEK -1.3 (2.0) with an EBITDA margin of -17% (5).

## **C&C: Effective strategies for traffic procurement**

During the quarter, investments to develop our sites regarding, among other things, content and keyword optimization, have given us top rankings by Google. Reaching the top positions in both Finland and Norway for the most competitive keywords in the attractive private loan segment is a significant strength. We see a trend in Google's updates, where strong brands are rewarded. This is proof of strength for our business model within Affilijet, which is based on running comparison sites together with the leading Nordic media houses.

Rahalaito's top rankings for attractive keywords provide a good starting point for the autumn, when the Finnish government releases the temporary regulation of the credit market. In connection with the outbreak of the 2020 pandemic, Finland introduced temporary regulations regarding interest rate caps and introduced a ban on marketing, which affected Rahalaito's business. Despite the challenges, Rahalaito has delivered good, stable profitability during the pandemic and is a successful, value-creating acquisition.

Vinklubben increased its capacity, during the second quarter, by approximately 20–25% and at the same time as segmentation improved. The strategy proved successful and led to increased conversion for wine importers. Vinklubben had its strongest quarter ever and from the second quarter of 2020, has had an organic growth of 65%.

Content & Comparison's sales reached MSEK 32.2 (25.1), an increase of 29%. Behind the increase is Vinklubbens record-breaking quarter and because Rahalaito had better volumes than, at the outbreak of the pandemic, last year.

## **Outlook**

AI will fundamentally change e-commerce. E-retailers that use AI get increased transparency, higher efficiency, and better forecasting ability, which leads to smarter decisions, lower costs, and increased sales. Speqta has a niche and strong position within AI and sees great opportunities for Bidbrain. As with all launches, we expect that it will take some time before we get the large volumes and revenues and that create higher margins compared to the revenues of Shopello. We are convinced that Bidbrain will increase Speqta's business significantly.

Speqta also has a proven effective affiliate strategy, and well-established collaborations with large well-known Nordic media houses. This is a good starting point before the autumn, when we expect that the effects of the pandemic will subside, and demand will increase. Rahalaitos is the leading online loan broker in Finland and will therefore be able to take advantage of the better market situation, when the temporary Finnish credit regulation expires, at the end of September.

Speqta is a profitable and innovative tech company with a strong position in the market for performance-based marketing. With our attractive offer and effective strategy, Speqta will continue to deliver growth and good profitability.

#### **Calendar of events**

Interim report Q3 2021: November 11, 2021

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#### **About Speqta**

Speqta offers the best performance-based lead generating platforms using data and AI and to grow organically as well as through acquisitions in new and existing markets. Speqta has two business areas Speqta AdTech and Speqta Content & Comparison. The company is listed on Nasdaq First North Premier Growth Market in Stockholm under the ticker "speqt". The company's Certified adviser is Västra Hamnen Corporate Finance AB, telephone number: +46 40 20 02 50, e-mail: [ca@vhcorp.se](mailto:ca@vhcorp.se)